

# AGRICULTURAL OUTLOOK

January-February 1987

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# AGRICULTURAL OUTLOOK

January/February 1987/AO-127



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# In Brief . . . The Outlook for Exports, Food Prices, Farm Equity

During the late 1980's, several factors could double the growth of foreign demand for farm products from the early 1980's rate of 1 to 1.5 percent a year. These include expanding incomes, declining inflation, lower interest rates, and world population growth of about 80 million a year. World farm trade could increase 3 to 4 percent a year, as it did in the 1950's and 1960's. With the United States improving its price competitiveness under the 1985 Farm Act, the volume of U.S. farm exports could rise 4 to 5 percent a year.

By the end of the decade, total U.S. grain disappearance could recover to the levels of the late 1970's. There are aspects of farm policy that impede U.S. competitiveness. One is acreage reduction programs, which raise the national average cost of production relative to our competitors. But, increasing U.S. productivity and large existing stocks will require heavy reliance on acreage reduction programs throughout the period.

The EC is likely to remain a stiff competitor for grain export markets over the next several years. High internal grain prices continue to boost production there. Although poor weather could again make the USSR a large grain importer, the trends suggest that the centrally planned countries as a group will not be a source of growth in world trade in the late 1980's. Grain trade prospects are more favorable in East Asia, North Africa, the Middle East, and Central America.

Cotton and rice exports likely will sustain the recovery made in 1986 under the marketing loan program. However, greater soybean and protein meal production in South America and Europe, combined with only moderate gains in global livestock output, will limit U.S. soybean and meal exports.

Beef production in 1987 is expected to decline because of herd reductions since 1982, less slaughter under the Dairy Termination Program, and more



retention of animals for inventory. Even pork producers are not likely to increase production sharply before late 1987 because of the prolonged period of financial problems.

In contrast to the red meats, poultry and egg production will probably increase again in 1987 as returns continue strong. The 1986 increases in meat demand showed up mainly as increased purchases of carryout and convenience foods, and the poultry industry has developed several products adapted to this market.

Grain producers will find the 1987 programs attractive. Wheat and feed grain planted area could be down about 10 percent from 1986's 191 million acres, assuming about the same participation rates as in 1986. Corn farmers will likely idle more than 20 million acres of base in 1987, compared with about 13 million in 1986.

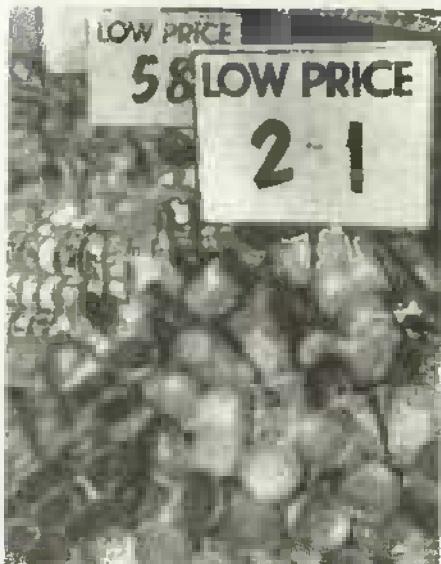
As yet, lower prices have not stimulated world use of grain. Eventually, though, lower world prices should stimulate import demand. U.S. feed demand could surge in 1987/88 because hog and broiler growers are likely to increase production if their profit margins remain high.

A 2- to 4-percent rise in the all-food CPI is expected in 1987. Food prices rose about 3 percent in 1986, the same as the average rise in the food CPI over the 4 preceding years. Prices of foods sold in grocery stores rose a little under 3 percent, while prices of food served in restaurants and fast food establishments climbed nearly 4 percent.

In 1986, the farm sector's asset values and returns to investment dropped, and farmers' debt went down. For 1987, farm asset values will continue to decline in both nominal and real terms, although at a slower pace than in 1986. Farmers will pay debts down further, but equity in farm assets will continue to erode.

Net cash income for the farm sector could increase in 1987 to \$45-\$50 billion, up from \$44 billion in 1985 and 1986. In 1982 dollars, 1987 net cash income could be the highest since 1979. Direct Government payments could exceed 1986's estimated \$12 to \$13 billion. Cash receipts are projected to slip 1 to 3 percent, with crops falling about 6 percent and livestock receipts gaining about 2. However, total farm production expenses, which dropped 5 percent in 1986, could go down another 3 percent in 1987.

Despite record net cash income, the debt-asset ratio likely climbed from 25 percent in 1985 to 26-27 percent for 1986. It is expected to remain at that level in 1987. By contrast, in 1981 the ratio was 19 percent. Returns on assets in 1986 likely fell to 3 percent, from 3.3 in 1985. In 1987, returns may edge up to 3.7 percent, from both improved income and lower asset values.



## Agricultural Economy

### GLOBAL TRENDS IN SUPPLY AND DEMAND

Following are remarks by Robert L. Thompson, Assistant Secretary for Economics, U.S. Department of Agriculture, at USDA's 63rd Agricultural Outlook Conference, December 2, 1986.

Wide-ranging supply and demand developments combined in the 1970's and 1980's to increase both the importance of the United States in the world market for farm products and the importance of the world market to the wellbeing of U.S. agriculture. To provide any sort of insight into global trends in agricultural supply and demand, it is essential to briefly review the events of the past two decades.

In the 1970's, developments in supply and demand worked both to expand world agricultural trade and to increase the U.S. share of the market at an unprecedented pace. World trade expanded fourfold while U.S. exports increased sixfold. By 1980, more than one-third of our cropland was committed to producing for export, while 2 of every 5 tons of the farm products traded were produced in the United States.

Many of the same factors worked in reverse in the 1980's. Growth in world agricultural trade essentially stopped,

and U.S. exports dropped one-third. This 55-million-ton drop in U.S. exports, following on the heels of the 1970's 100-million-ton run-up, lies at the heart of many of the problems we face in agriculture today.

We are in the midst of a far-reaching restructuring of the sector. Complicating this is the limited ability of the world market to react to swings in global supply and demand without having the sharp price adjustments transmitted to the countries linked to the market.

### *Unprecedented Growth of the 1970's*

The 1970's saw unprecedented growth in the world market for farm products, particularly those produced in the United States. This expansion was due to slower growth in global agricultural production and increased consumption abroad.

Growth in agricultural production in foreign countries slowed from 2.8 percent a year over the 1950's and 1960's to 2.2 percent in the 1970's. Consumption growth also slowed, but the drop was significantly smaller—from 2.9 to 2.7 percent. The widening gap between overseas consumption and production increased the rest of the world's dependence on U.S. production. Growth in world agricultural trade increased from 3.5 percent a year in the 1950's and 1960's to 4.7 percent in the 1970's, while growth in U.S. exports grew from 4 to over 10 percent a year.

### *Factors in the Widening Gap*

The factors underlying the widening gap between growth in consumption and production abroad have been well documented. Falling commodity prices and farm incomes discouraged investment in agriculture in much of the 1950's and 1960's. In low-income countries, industrial development often was undertaken at the expense of agricultural development. This constrained their farm production increases in the 1970's.

Growth in demand for farm products shared in a general economic expansion as rising incomes allowed consumers to upgrade and diversify diets. Much of this growth initially was met through local increases in agricultural production. But, with limited capacity to produce locally and crop shortfalls a problem, many countries turned to the world market as a regular source of supply.

Rapidly expanding world trade, low-cost credit, and the low value of the dollar permitted a sharp increase in food-buying power in importing countries. Faced with many of the same financial considerations as the middle-income countries and political pressures to upgrade diets of their own, the centrally planned economies also revolutionized their agricultural and trade policies. The Soviets, Eastern Europeans, and Chinese all became regular participants in the world market and eventually grew to overshadow the middle-income countries.

### *Trade Reversal of the 1980's*

Many of the same factors which worked to expand trade in the 1970's worked in reverse in the early 1980's. While growth in agricultural production abroad rebounded from 2.2 to 2.6 percent a year with expanded investment in agriculture and more normal weather, growth in consumption has dropped off sharply.

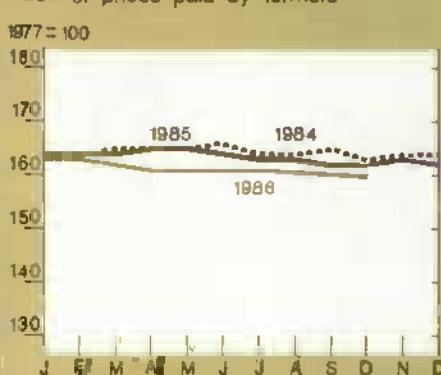
Many observers have focused on overseas production growth, but to account for changes in global trade, the consumption decline has been a more important factor. In the 1970's, the annual average increase in foreign grain production was 24 million tons; this was exceeded by consumption growth of 34 million. Consequently, foreign net grain imports grew by 10 million tons a year.

However, in the 1980's, growth in foreign grain output has risen to 29 million tons, while consumption growth plunged to 19 million a year. The 10-million-ton yearly increase in net foreign grain imports of the 1970's was replaced by a 10-million-ton annual decline in the deficit during the 1980's.

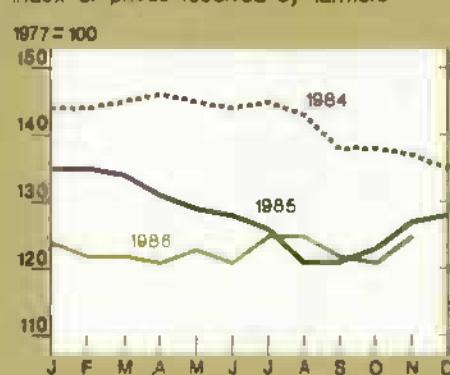
Very important in this reversal was the slowdown in global economic growth. The decline was pronounced enough in most middle-income countries to drop real and—in some cases—nominal incomes. As a result, the growth in per capita food consumption in the 1980's has slowed to less than two-thirds the pace of the 1970's. With domestic production growing faster than consumption, many importing countries have limited—and in some cases reversed—their growing dependence on imports.

# Prime Indicators of the U.S. Agricultural Economy

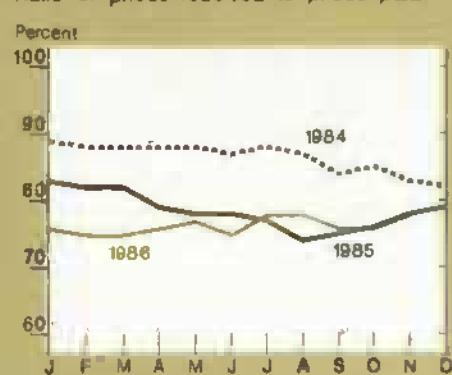
Index of prices paid by farmers<sup>1</sup>



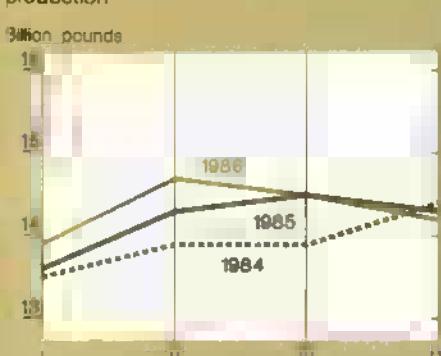
Index of prices received by farmers<sup>2</sup>



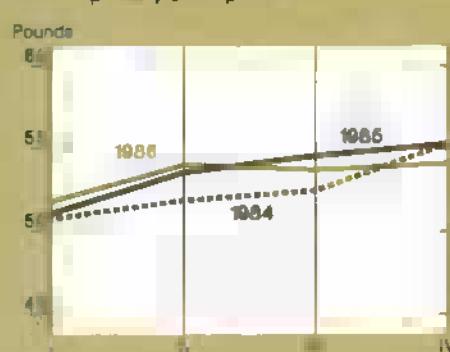
Ratio of prices received to prices paid



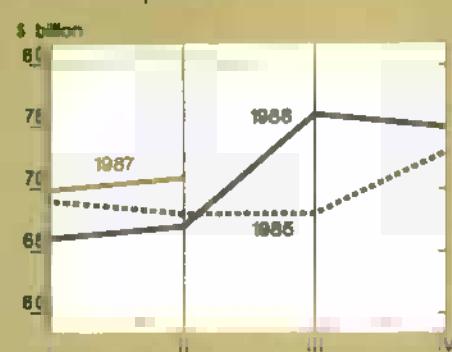
Red meat & poultry<sup>3</sup> production



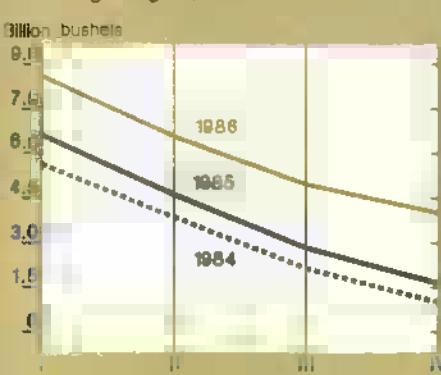
Red meat & poultry consumption, per capita<sup>3,4</sup>



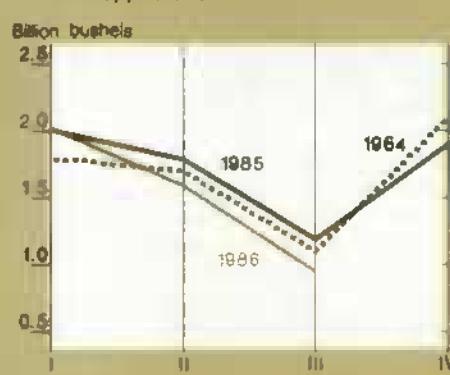
Cash receipts from livestock & products<sup>5</sup>



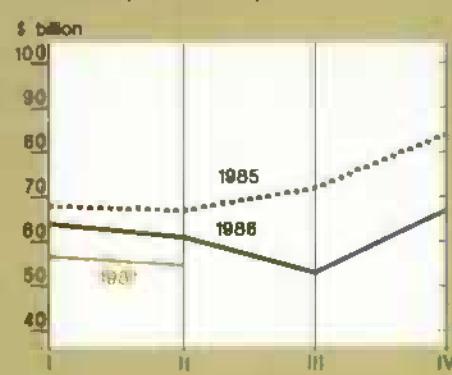
Corn beginning stocks<sup>6</sup>



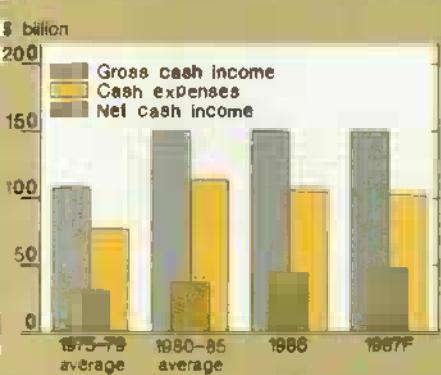
Corn disappearance<sup>6</sup>



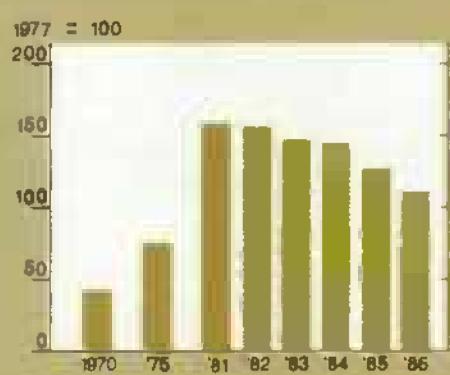
Cash receipts from crops<sup>6</sup>



Farm net cash income



Farm real estate values



Farm value/retail food costs



<sup>1</sup>For commodities and services, interest, taxes, and wages. Beginning in 1986, data are only available quarterly. <sup>2</sup>For all farm products.

<sup>3</sup>Calendar Quarters. Future quarters are forecasts for livestock, corn, and cash receipts. <sup>4</sup>Retail weight. <sup>5</sup>Seasonally adjusted annual rate.

<sup>6</sup>Dec-Feb; II=Mar-May; III=June-Aug; IV=Sept-Nov.

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Changes in the international financial environment also have worked to encourage less dependence on imports. Growth in the middle-income countries' export earnings fell precipitously from more than 20 percent a year at the end of the 1970's to less than 3 percent with the general contraction in world trade and drop in primary product prices in the early 1980's.

The centrally planned countries also face serious problems with their export earnings. For example, after increasing from \$2 billion a year in 1970 to more than \$23 billion in 1980, the Soviet Union's hard currency exports have dropped in the 1980's.

The tightened supply and rising cost of credit also have worked to discourage imports in the early 1980's. With the value of the dollar up sharply, the local currency cost of transactions carried on in dollars—including repayment of debts incurred in the 1970's—also has risen sharply. These factors have forced many developing countries to reduce imports and allocate their scarce foreign exchange to servicing their accumulated debts, and also encouraged many developed countries to slow or reverse growth in imports.

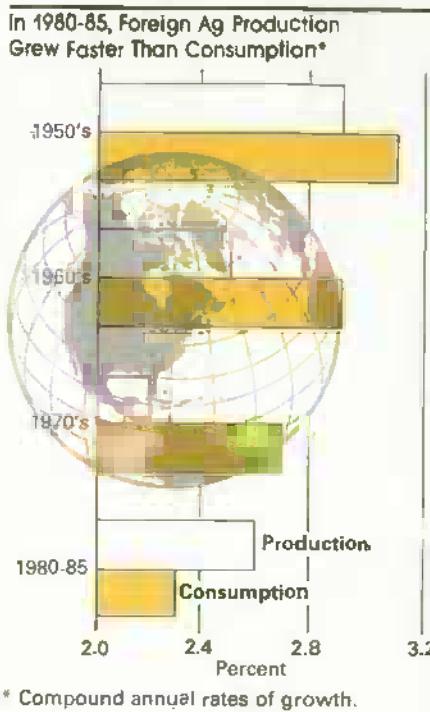
#### *Maximized U.S. Burden*

In addition to the macroeconomic and financial constraints which slowed the growth in world demand and in investments to expand foreign agricultural production, U.S. farm policies interacted with policies abroad to maximize the U.S. adjustment burden. High and rigid price supports set without regard for market conditions made it difficult for U.S. producers to sell their products overseas. Many foreign exporters, particularly in developed countries, maintained high production subsidies and dumped resulting surpluses on world markets. In this environment, the U.S. Government and the taxpayer bore a large part of the cost of adjusting to slowed growth in trade.

Let's now look at what I foresee as the specific trends ahead in world commodity supply and demand.

#### *Prospects for the Late 1980's*

The international trading environment is expected to improve over the rest of the 1980's. Macroeconomic and financial conditions are brighter than during the first half of the decade. Foreign economic growth has moved into the 2.5-to-3-percent a year range, where it is likely to remain for several



years. This is about half the rate of the 1970's but well above the early 1980's.

Expanding incomes and global trade, declining inflation, and lowered interest rates are providing the basis for recovery in purchasing power. In addition, the world will add another 80 million people a year in the late 1980's. In this environment, growth in foreign demand for farm products could double the early 1980's rate of 1 to 1.5 percent a year.

There is much uncertainty over foreign production growth prospects. Some contend the technological foundation is in place for production growth in foreign countries which will further narrow the gap between consumption and production. It is important to weigh the political and economic factors that are likely to slow production abroad. Higher-than-expected costs of farm policy in the face of budget constraints will make it difficult for many countries to continue the policies that stimulated larger production in the early 1980's. To some extent, low world commodity prices and the declining U.S. dollar will deter production-expanding investments made attractive during the optimistic market conditions and prospects of the late 1970's.

The combination of more normal demand growth and trend growth in supply suggests world farm trade increasing 3 to 4 percent a year in the late

1980's, similar to the 1950's and 1960's. With the United States improving its price competitiveness under the aggressive marketing provisions of the 1985 Farm Bill, the volume of U.S. farm exports could rise 4 to 5 percent a year during the late 1980's.

#### *Regional Trends for Grains*

An examination of the regional trends for grain documents not only the sources of our current disarray but also the obstacles to export growth.

In the foreign developed countries, increasing self-sufficiency has severely contracted available export markets. In the 1970's, the European Community was a large net importer of grains. In the mid-1970's, net EC grain imports were about 25 million tons—a fifth of world trade. By 1985, the EC was a net grain exporter of 16 million tons. That change reduced the size of the world market available to the United States by 40 million tons a year in a decade. With production heavily subsidized and little growth in internal demand, the EC is likely to continue increasing grain exports in the foreseeable future.

The composition of EC feed consumption also will have a major impact on world grain markets. In 1975, feed use of wheat, coarse grains and cereal substitutes totaled 89 million tons; this rose to 102 million by 1985. However, coarse grains were a casualty of this growth. Propelled by lower relative prices, wheat feed use rose by 13 million tons and cereal substitute imports—mainly manioc and corn gluten feed—rose by 9 million. Wheat and cereal substitutes together displaced coarse grains, whose consumption fell by 9 million tons.

The EC is likely to provide keen competition for the United States over the next several years as high internal coarse grain prices continue the production incentive, stimulate more wheat feed use, and encourage production and use of cereal substitutes.

#### *Centrally Planned Countries*

In the 1970's, net grain imports of the centrally planned countries went from 5 million tons to 63 million in 1981, accounting for fully one-third of world grain trade. With sharp increases in production, the centrally planned countries are expected to have net imports of only 27 million tons this year—15 percent of world trade. That

would be a net reduction in the world market available to the United States of 40 million tons since 1981.

The sharp drop in net grain imports in centrally planned countries between 1984/85 and 1985/86 was a major factor behind the decline in world trade. The total volume of world trade fell by 39 million tons, and smaller centrally planned economy imports accounted for 24 million tons of that total drop. An important issue for projecting world trade in the late 1980's is whether global grain imports will rebound quickly to the pre-1985 level, and grow from there, or remain low and grow slowly from the 1985 level.

Although weather could cause the USSR to import large volumes of grain in selected years, the underlying trends suggest the centrally planned countries as a group will not be a source of growth in world trade in the late 1980's. The Soviet Union has greatly reduced wheat feed use and is promoting more intensive production practices. It seems likely to move toward greater self-sufficiency in wheat as have China and Eastern Europe.

Soviet coarse grain production, including silage and forage, has expanded at a rate slightly greater than consumption. Aggressive meat production goals suggest that a modest increase in imports of coarse grains over current reduced levels is possible. Rising production and level use have lowered net coarse grain imports in Eastern Europe and turned China into a net exporter. Increased livestock product demand eventually could change China into a net importer—but that may be a few years away.

#### *Less Developed Countries*

The less developed countries (LDC's) offer a sharp contrast to the increasingly competitive exports from other developed countries and the stagnant imports of the centrally planned countries. Between 1970 and 1980, LDC net grain imports increased from 18 to 53 million tons. But, unlike the EC and centrally planned countries, their imports have continued to grow in the 1980's, reaching 68 million tons by 1984. Growth has stagnated in the last 2 years, but the developing countries are our potential growth market for the future. The current forecast of total LDC grain imports for 1986/87 about equals the 1984 record.

The LDC's net imports of wheat have stabilized in the 1980's with production and consumption growing in tandem. Net imports of coarse grains may set a new record high in 1986/87, reflecting continued increases in consumption every year since 1982.

The LDC coarse grain market should continue to be a bright spot for agricultural trade. Nevertheless, the large annual gains of the 1970's may not be repeated, due to slower growth in income and foreign exchange earnings, continued high debt-service requirements, and increasing competition from feed wheat and cereal substitutes.

Trade prospects appear most favorable in East Asia (largely South Korea, Taiwan, and Malaysia), where consumption and imports have doubled over the past 10 years; in North Africa and the Middle East (most noticeably Saudi Arabia), where imports have increased more than fourfold during the last 10 years; and, in Middle America (Central America and Mexico), where consumption is expected to continue to outpace production.

With moderate demand growth for grains in the late 1980's and low prices both reducing the incentive to produce and expanding the U.S. trade share, total U.S. grain demand could return to the levels of the late 1970's by the end of the decade. However, increasing U.S. productivity and large existing stocks will require heavy reliance on acreage reduction programs throughout the period if grain markets are to move toward supply and demand balance.

#### *Cotton, Rice, Soybeans*

The prospects for other major commodities during the medium term are mixed. Cotton and rice exports appear likely to sustain the rapid recovery expected this year under the marketing loan program.

Low cotton prices relative to manmade fibers and consumer preference for cotton are likely to push global demand upward. With domestic use also strengthening and farm productivity gains small, the U.S. cotton market may quickly move toward supply and demand balance in the next few years. The U.S. rice market appears likely to see export increases eventually limited by the slow growth in world trade and partly offset by farm

productivity gains. Rice stocks may decline slowly, forcing continued reliance on acreage reduction programs.

The steady increases in U.S. soybean acreage during the 1960's and 1970's are likely past. Moderate increases in global livestock production, combined with greater soybean and protein meal production in South America and Europe, will limit U.S. soybean and soybean meal exports. U.S. soybean exports could retain 75 to 80 percent of a slowly growing world market, but the soybean meal export share could drop slightly under more intense product-market competition.

On balance, the underlying market prospects just presented project a slow growth in world trade for major commodities. The policy provisions of the 1985 Farm Bill provide the tools to restore U.S. agricultural competitiveness and permit us to capture a significant part of the growth in world agricultural imports. The key question then is whether income growth will be fast enough and widely enough distributed to reverse the slowdown in demand growth of the early 1980's.

#### *Agricultural Competitiveness*

While the 1985 Farm Bill helped, we need to be vigilant to ensure that U.S. agriculture remains internationally competitive. Fertile soil and favorable climatic conditions account for only part of American agriculture's comparative advantage. Much more rests on the cumulative investments that have been made in agricultural research and extension over the past century. These investments have given American agriculture one of the fastest rates of growth in productivity of any sector of the U.S. economy.

Modern U.S. agriculture is a high-tech industry. Remember, in the 1930's there was no perceptible difference in crop yields among the United States, England, India, and Argentina. But in the 50 years since, U.S. yields have shot upward. U.S. agricultural productivity grew faster than in other industries and faster than agricultural productivity in other countries. This, more than anything else, accounts for the great increase in U.S. farm exports relative to other suppliers.

Unfortunately for us, many other countries have caught on to the source of our growth. While our rate of investment in agricultural research has stagnated in the past 15 years, many other countries have substantially increased their agricultural research

and development investments. This is closing the productivity gap between the United States and other countries' agricultures. So one might say that we now find ourselves on a global technology treadmill and that we must keep investing to maintain productivity growth to maintain our position of predominance relative to other agricultural exporting countries.

#### **Maintain R&D Support**

So my first prescription for improving the global competitiveness of U.S. agriculture is to increase the rate of technological advance by maintaining support for agricultural research and development. We are poised on the threshold of a new technological revolution in agriculture, that of biotechnology or genetic engineering. This revolution has the potential to increase agricultural productivity and reduce our unit costs of production by yet unknowable means.

The biotechnology revolution is no more stoppable than was the Industrial Revolution, and it holds similar potential for improving the future well-being of mankind. Those who would slow or stop this new development remind me of the attempts by the Luddites who threw their wooden shoes into the gears of early Industrial Revolution factories. There may well be valid reasons for caution with respect to genetic engineering, but we must recognize that it can provide great productivity growth, and countries which permit it to proceed will reap increased international competitiveness.

#### **Avoid Masking Comparative Advantage**

The second prescription for improving the global competitiveness of American agriculture is to avoid public policy measures that artificially mask our underlying comparative advantage. In the 1985 farm bill, we took a large step in this direction by dropping loan rates to market-oriented levels. This removed an important impediment that was pricing us out of the international market.

Nevertheless, there still are those who would raise farmers' incomes by artificially restricting the volume of agricultural production through mandatory supply controls. The resulting price increases would reverse the progress made in the 1985 farm bill and set in motion a permanent downsizing of our farm sector as we forfeited the export market to less efficient competitors and likely sent our livestock and poultry sectors overseas, too.

#### **Acreage Reduction Programs**

But there are other aspects of current farm policy that continue to impede our competitiveness. One is acreage reduction programs. To qualify for deficiency payments every farmer must retire a certain fraction of his acreage base, for example 20 percent in corn. This means, in effect, that we ask every firm in the industry to spread its total fixed costs over 80 percent of its potential output. This raises the national average cost of production relative to our competitors, who suffer from no such constraints.

Moreover, we have long relied on policies which create artificial scarcity of farmland, thereby bidding up its price to a higher level than otherwise would have occurred. This applied to the old soil bank program of the 1950's and 1960's; it applies to our acreage reduction programs; and it could apply to the conservation reserve. Larger income streams associated with direct Government payments and price supports increase the returns to farmland. Together, all of these factors increase the price of U.S. farmland beyond what it otherwise would be, and raise our cost of production relative to that in competing countries.

The recent land price deflation has caused significant financial stress to those farmers who borrowed substantial sums to buy that land. In the long run, this write-down of land values will contribute a great deal to restoring our international cost competitiveness relative to other suppliers, like Argentina, which never let its land prices get bid up to such high levels as did the United States.

#### **Protectionism and Free Trade**

To restore agricultural competitiveness and maintain comparative advantage, we must avoid protectionism, which reduces the foreign exchange earning capacity of countries that buy our farm products. What comparative advantage is all about is the relatively most efficient suppliers of each good being able to sell those goods overseas, and thereby generate foreign exchange earnings that can be used to buy goods of which other countries are relatively more efficient producers.

We can't have it both ways. If we aspire to export those farm products in which we have a comparative advantage, we must be willing to buy the products in which our export buyers have a comparative advantage.

We now are entering a new round of international trade negotiations designed to reduce barriers to international trade and to reduce subsidies on a wide range of goods and services, including agriculture. American agriculture has a great deal to gain from a freer and more open international trading environment which would lead to faster global economic growth, particularly in the Third World. Many of the goods in which U.S. agriculture enjoys a comparative advantage are goods whose consumption increases rapidly during economic growth.

Freer international trade, faster global economic growth, and successful resolution of the LDC debt problem are the three key factors that will determine the speed of agricultural export recovery.

### **LIVESTOCK HIGHLIGHTS**

#### **Cattle Outlook: Stronger Prices Leading to Stable Numbers**

Beef production in 1987 is expected to decline because of herd reductions since 1982, less slaughter under the Dairy Termination Program (DTP), and more retention of animals for inventory (table 10). Retail prices likely will rise around a dime a pound; continued near-record supplies of red meat and poultry will prevent a greater increase.

Sluggish economic growth, plus large supplies of lower priced competing meats, should result in beef prices' rising only 3 to 5 percent in 1987. While cattle numbers are expected to stabilize over the next couple of years, the smaller price gains will hold down expansion incentives.

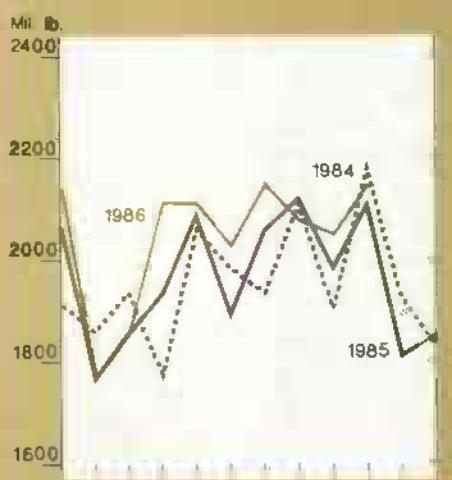
As 1987 begins, the cattle inventory likely has declined another 4 percent from a year earlier. But, third-quarter 1986 figures indicate that the cattle liquidation may be drawing to a close. In October, even though cattle slaughter was 1 percent above a year earlier, female slaughter declined 6 percent. Heifer slaughter was 8 percent below a year earlier, while cow slaughter declined 4 percent. Female slaughter is expected to remain well below year-earlier levels because the bulk of DTP slaughter is past.

#### **Large Fed Beef Supplies**

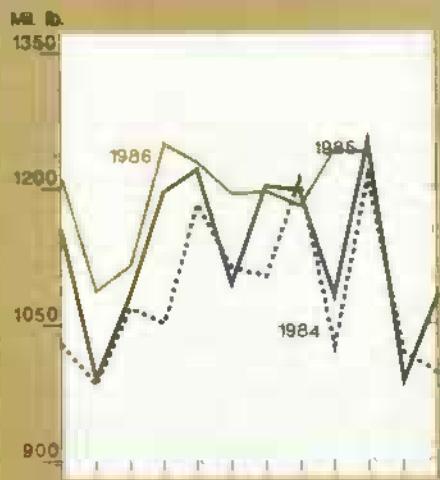
The number of cattle on feed in the 13 reporting States on October 1 was the

## Production of Livestock and Products

### Commercial beef production



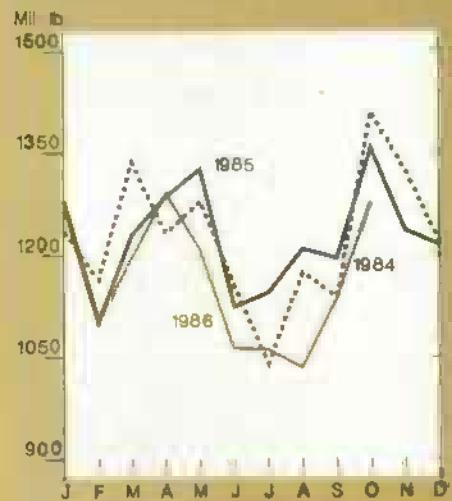
### Broiler slaughter<sup>1</sup>



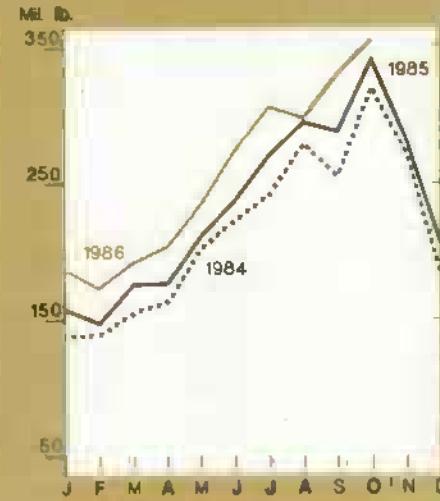
### Egg production



### Commercial pork production



### Turkey slaughter<sup>1</sup>



### Milk production



<sup>1</sup>Federally inspected slaughter certified.

third smallest for the date since 1970, although 3 percent above the record low of 1985 (table 16). Placements last summer were nearly a record—6.1 million head, the largest since 1978. Feedlot marketings have remained current, though. A larger-than-normal proportion of the October 1 inventory likely was marketed in the fall. Producers in the 13 States indicated they intended to market 3 percent more fed cattle last fall than a year earlier, and it appears marketings rose 3 to 4 percent.

#### Yearling Feeder Cattle Supplies

Feeder cattle supplies outside feedlots on October 1 were 7 percent below a

year earlier. The sharpest decline—17 percent—occurred in the number of feeder cattle weighing over 500 pounds. Continued declines in the calf crop resulted in a 4-percent drop in the feeder calf supply. Nonfed steer and heifer slaughter was large last summer, partly because of dairy heifers slaughtered under the DTP and also because of some grass-fattened feeder cattle going directly to slaughter.

This drop in yearling supplies helped strengthen feeder cattle prices through fall. Greater competition for the smaller supply of feeder cattle, particularly calves, is also likely because favorable forage conditions will en-

courage cow-calf producers to carry more of this year's calf crop through the winter. In addition, demand will probably increase from stocker operators, particularly where diverted acreage can be grazed.

#### Production Prospects

Beef production in 1987 is expected to fall 5 to 7 percent below 1986, with nearly all the drop occurring in the nonfed slaughter categories. Total fed cattle marketings are expected to remain in the range that has prevailed since 1983, 25.5 to 26 million head. Sharpest year-to-year declines will occur in cow slaughter, given the lower beef and dairy cow numbers and the likelihood that the beef breeding herd will begin to stabilize.

A stronger-than-expected economy and higher beef prices in 1987 could result in even lower nonfed slaughter, as a higher proportion of steers and heifers are placed on feed. Slaughter weights are likely to remain nearly record high. Fed cattle will represent a larger proportion of the slaughter mix, which suggests even heavier weights.

#### **Cattle Prices**

Fed cattle prices may rise to the middle \$60's in spring 1987, but price rises beyond that, even with reduced beef supplies, will be difficult as supplies of competing meats expand. For 1987 as a whole, prices may average \$62 to \$68 per cwt.

Total meat supplies will remain large, as poultry output continues to rise. Larger supplies of lower priced poultry will pressure beef price rises. The farm-to-retail spread narrowed to \$1.02 last summer, and while some further reductions are possible, this is near the average spread in recent years—excluding 1985. Thus, further cattle price increases are likely only as retail beef prices rise. Retail prices may increase to the low \$2.40's per pound in 1987, up from about \$2.32 in 1985 and 1986.

Feeder cattle prices are expected to average about \$2 to \$6 per cwt above 1986's \$63 because of the smaller supply, lower grain prices, and increased demand from feedlots and stockers. Stronger fed cattle prices through spring should support further price increases for feeder cattle, with prices likely to peak in late winter and mid-spring in the upper \$60's.

Moderate cattle price increases and continuing financial problems in many areas will hold down the rate of herd expansion. Many producers who liquidated their herds in recent years to reduce debt or raise cash likely will not be able to reenter the cattle sector, at least until per capita meat supplies decline.

Prices for Utility cows in Omaha are likely to average near \$40 per cwt in 1987, up about \$2 from 1986. Large supplies of poultry for processed meats throughout the year and larger pork supplies in the second half will hold down Utility cow price gains, despite sharp reductions in cow slaughter during 1987.

#### **Veal Production and Prices**

Veal production declined this fall, as DTP slaughter slowed and feeder cattle demand increased. For 1986, veal

production likely averaged slightly above 1985. Continued calf-crop reductions in 1987, a smaller dairy herd, and strong feeder cattle demand are likely to cut this year's veal production 15 to 20 percent, to near the levels of the early 1980's.

Prices for Choice veal calves at South St. Paul have risen about \$12 per cwt since early spring 1986. Prices likely averaged about \$60 per cwt for 1986, and may average near \$70 in 1987. (Ron Gustafson (202) 786-1830)

#### **Hog Producers To See Continued Good Returns**

The big question for hog producers is not whether to increase production, but when and by how much. During second-half 1986, hog producers' returns rose sharply because prices rallied and feed costs fell sharply (table 10). Net returns rose almost to 1982 levels, when the last expansion phase of the hog cycle started. The outlook for 1987 is for net returns to remain high.

In past years, returns as high as in 1986 have triggered double-digit increases in pork production within 6-12 months. However, because of the prolonged period of poor returns and financial problems, sharp increases in pork production are not likely before late 1987 or early 1988. Even then, increases may be moderate by historical standards.

#### **Pork Production in 1987**

Commercial pork production in 1987 is expected to total 13,775 million pounds, down 1 percent from output in 1986 and 6 percent from 1985. Commercial slaughter in 1987 is expected to be about 78.8 million head, down 1 percent from 1986 and 7 percent from 1985; slaughter weights are unlikely to change significantly.

Hog slaughter in both the first and second quarters of 1987 is projected at 5 to 7 percent below a year earlier (table 16). The September 1986 *Hogs and Pigs* report provides two indicators of first-quarter 1987 slaughter—market hogs weighing under 60 pounds and the June-August pig crop. The market hog inventory was down 8 percent and the June-August pig crop was down 6 percent. Over the past several years, the pig crop has been a more reliable indicator of slaughter than the market hog inventory.

Relatively cheap feed may encourage producers to continue feeding barrows and gilts to weights above the historical average. Packers are not likely to penalize for overweight hogs because the supply of slaughter hogs is tight and, with genetic improvement, overweight does not necessarily mean overfat. Since the average dressed weight may be about the same as a year ago, commercial pork production may total about 3,350 million pounds in the first quarter, down 6 percent from last year.

Commercial pork production in the second quarter may also total about 3,350 million pounds, down 6 percent from last year. This reflects indications in December that the September-November 1986 U.S. pig crop was down 6 percent from 1985. With weights unchanged, commercial production is expected to total about 3,300 million pounds in third-quarter 1987, up 2 percent from 1986.

Stronger returns in late 1986 and early 1987 will probably encourage producers to begin expanding over the next several quarters. The March-May 1987 pig crop is expected to show a 5-percent gain over 1986. In turn, the fourth-quarter 1987 slaughter is projected to be 4 to 6 percent higher than estimated for fourth-quarter 1986.

#### **High Hog Prices**

Barrow and gilt prices at the 7 major markets averaged \$61 per cwt in third-quarter 1986. This was the highest since 1982 and well above the \$44 of a year earlier.

With pork production lower and less nonfed beef competing with pork in the processed meat market, hog prices should continue higher in first-half 1987. Low stocks of pork in cold storage will also help strengthen prices.

On the other hand, large and increasing poultry production will put downward pressure on hog prices, and the increases in consumer's incomes will be modest. For these reasons, hog prices probably averaged in the low to middle \$50's per cwt for the fourth quarter and are expected to rise to the middle to high \$50's in the first and second quarters of 1987.

In second-half 1987, hog prices are likely to fall below 1986, as pork production increases slightly on a year-over-year basis and poultry production

### Pork Imports

#### To Increase Slightly in 1987

Pork imports fell to 908 million pounds, carcass weight, during January-October 1986, down 5 percent from a year earlier. Imports from Canada, the largest exporter to the United States, rose 18 percent over a year before, while imports from Denmark, the second largest supplier, declined 23 percent.

Much of this movement in Canadian and Danish sales is explained by exchange rates. Because of changes in exchange rates during 1986, prices of Canadian pork dropped in U.S. dollars. Meanwhile, the Danish krone strengthened and the European Community reduced its export subsidies during the first half of 1986, increasing prices in U.S. dollars for Danish pork. However, the European Community recently reversed this subsidy policy.

Imports of pork products likely totaled about 1,080 million pounds in 1986, down 4 percent from 1985, but they are expected to rise about 2 percent in

1987. U.S. consumer incomes will continue upward, and increased EC subsidies should raise Danish exports.

Live hogs imported from Canada during January-October 1986 numbered 451,074 head, down 60 percent from a year earlier. With countervailing duties of Can\$4.386 slowing Canadian exports of live hogs, total 1986 imports may be about 500,000 head, less than half the number imported in 1985. In 1987, the number is expected to decline further because of the U.S. countervailing duty and also because the Canadian hog industry will be moving into an expansion phase.

U.S. pork exports totaled 65 million pounds during January-October 1986, down 39 percent from that period in 1985. The decline was largely due to reduced shipments to Mexico, in turn caused by Mexico's continuing financial difficulties. Exports for 1986 may have totaled 90 million pounds, down 30 percent from 1985. Exports in 1987 may increase from 1986, especially if the Japanese yen remains strong against the dollar.

continues to rise. However, nonfed beef production is expected to continue below year-earlier levels, and cold storage stocks of pork are expected to remain relatively low, working to slow the drop in hog prices.

Hog prices should average in the middle to high \$50's in third-quarter 1987. In the fourth quarter, prices are expected to drop into the high \$40's to low \$50's, as the projected 5 percent larger March-May pig crop goes to market. [Leland Southard (202) 786-1830]

### Sheep and Lambs: Flock Expansion Likely

Lamb prices reached record levels in 1986, and with low feed costs, sheep producers' net returns rose. Higher returns usually cause producers to expand their flocks, and this appears to be occurring. During January-September 1986, mature sheep slaughter as a percentage of total slaughter fell to 5.8 percent, compared with 6.9 percent a year earlier. In recent years, mature sheep slaughter below 7 percent has usually been a signal that producers are stabilizing or expanding their herds.

Total commercial lamb and sheep slaughter in January-September fell 8 percent from a year earlier. Based on the number of ewes 1 year and older on January 1, 1986, and a lambing rate near 1985's 102 lambs per 100 ewes 1 year and older, the lamb crop was about 6.9 million head. Total commercial slaughter was likely about 5.7 million head.

For all of 1986, production probably totaled 329 million pounds, down 7 percent from 1985. With herds expanding, production in 1987 is projected at 320 million pounds, down another 3 percent from 1986.

Lamb prices at San Angelo averaged \$69 per cwt in summer 1986, compared with \$71 in summer 1985 and \$77 in spring 1986. Prices are normally the highest in the spring, then decline in the summer and fall. In fourth-quarter 1986, lamb prices likely averaged \$60 to \$63 per cwt. For all of 1986, prices may have averaged \$68-\$69, about the same as in 1985.

In 1987, lamb prices are expected to average \$66 to \$72 per cwt, depending upon the level of lamb imports and heavy-weight lamb discounting. [Leland Southard (202) 786-1830]

### Poultry & Egg Outlook: Good Returns Fueling Growth

Poultry and egg production is expected to increase again in 1987 as returns continue strong (table 10). Large grain supplies should keep feed costs low, and competing meat supplies probably will decline. However, continued sluggish growth in GNP suggests consumer demand for meats will change little from 1986. The increases in meat demand posted in 1986 showed up mainly as additional purchases of carryout and convenience foods from restaurants and grocery stores, and the poultry industry has developed several products well adapted to the convenience market.

### Broiler Production

With low feed costs expected to keep net returns positive, broiler producers are likely to boost output 6 percent in 1987. As a result, prices will fall below 1986 levels. But, these prices are still likely to be higher than the production increase would indicate, because of the steeper prices for competing meats.

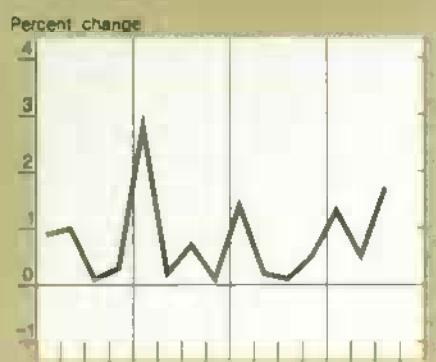
Output of broiler meat through federally inspected plants during the first 9 months of 1986 was 4.7 percent above a year earlier (table 13). The number of broilers slaughtered increased 3.9 percent, while marketing weights averaged 1.2 percent above a year earlier. With relatively high prices for breast meat, producers have an incentive to raise larger birds. In fact, some producers are now maintaining special hatchery flocks to produce processing birds.

Continued strong demand for broilers and processed chicken items, especially by restaurant chains, encouraged expanded production in 1986 and suggests further expansion in 1987. One indicator of producers' expansion plans is the number of pullet chicks entering the hatchery supply flocks. These pullets will contribute to the hatching egg supply in about 7 months. Normally these hens begin laying at about 7 months and stay in the flocks until they are about 14 months, so a 7- to 14-month-earlier summation can be used to represent the size of the laying flock. In early 1987, the cumulative pullet placements will be 5 to 9 percent above 1986.

Many producers may also have kept their hens a little longer to produce extra hatching eggs in 1986. They may be adding extra pullets for 1987

## Food and Marketing Indicators

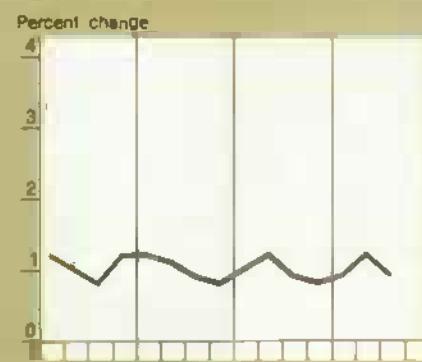
CPI: Total food<sup>0</sup>



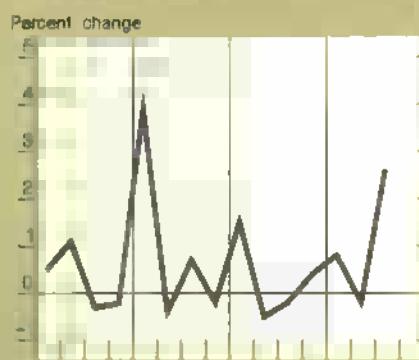
CPI: Food at home<sup>0</sup>



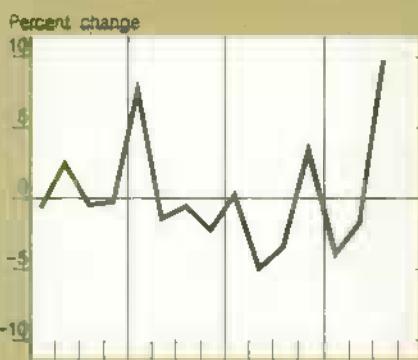
CPI: Food away from home<sup>0</sup>



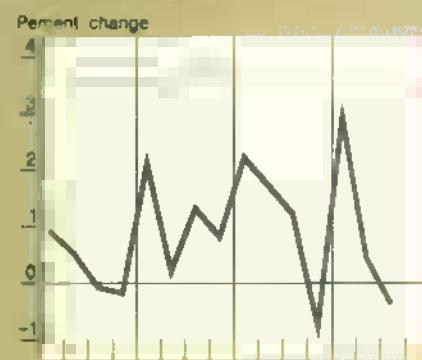
Retail cost of food<sup>1</sup>



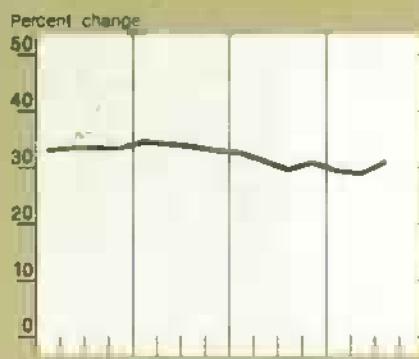
Farm value of food<sup>1</sup>



Farm-retail spread<sup>1</sup>



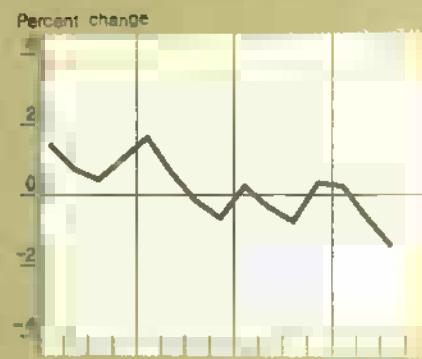
Farm value/retail cost<sup>1</sup>



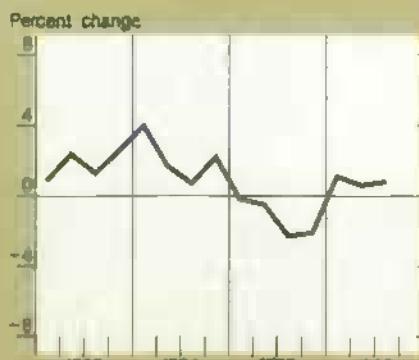
Food marketing cost index<sup>2</sup>



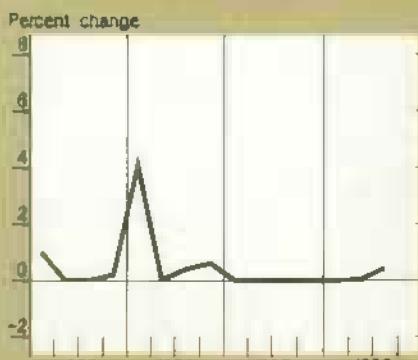
Index of hourly earnings<sup>3,4</sup>



Index of packaging prices<sup>5</sup>



Index of rail freight rates<sup>6</sup>



Index of energy rates<sup>4</sup>



<sup>0</sup>CPI unadjusted. Index based on market basket of farm foods. <sup>1</sup>Index of changes in labor, packaging, transportation, energy, and other marketing costs in food retailing, wholesaling, and processing. <sup>2</sup>Component of food marketing cost index.

<sup>3</sup>In food retailing, wholesaling, and processing. <sup>4</sup>Component of food marketing cost index. All series expressed as percentage change from preceding quarter except for "Farm value/retail cost" chart.

### Food Prices Forecast

#### Up Just A Little

A 2- to 4-percent rise in the all-food CPI is expected in 1987. Food prices rose about 3 percent in 1986, the same as the average rise in the food CPI

over the 4 preceding years. Prices of foods sold in grocery stores rose a little under 3 percent, while prices of food served in restaurants and fast food establishments climbed nearly 4 percent.

#### Changes in Food Price Indicators 1984-1987

Consumer Price Indexes	Relative Importance	Forecast			
		1984	1985	1986	1987
All food	100	3.8	2.3	3.1	2 to 4
Food away from home	33	4.2	4.0	3.9	3 to 5
Food at home	67	3.6	1.4	2.7	2 to 4
Meat, poultry, & fish	20.0	1.6	-0.3	4.1	3 to 5
Meats	15.8	0.3	-1.0	3.1	3 to 5
Beef & veal	8.5	1.2	-2.1	0.9	4 to 6
Pork	4.5	-1.3	0.2	7.5	3 to 5
Other meats	2.7	0.4	0.6	2.4	2 to 4
Poultry	2.2	10.6	-1.0	6.4	-3 to 0
Fish & seafood	2.2	3.2	4.9	9.0	7 to 10
Eggs	1.3	11.7	-16.6	5.7	0 to 2
Dairy products	8.8	1.3	1.9	0.0	0 to 2
Fats & oils	1.9	9.5	2.2	-2.3	-1 to 0
Fruit & veg.	10.1	8.6	2.6	0.7	2 to 4
Fresh fruit	2.4	11.1	10.1	2.3	0 to 2
Fresh veg.	2.9	10.9	-4.3	3.0	7 to 10
Processed fruit & veg.	4.8	6.0	2.0	1.0	0 to 2
Processed fruit	2.4	7.2	4.1	-2.9	-1 to 2
Processed veg.	2.4	4.7	1.1	0.0	1 to 3
Sugar & sweets	2.6	3.9	2.5	3.2	1 to 3
Cereals & bakery prod.	9.1	4.4	3.8	2.9	2 to 3
Nonalcoholic beverages	7.4	2.5	2.0	5.8	0 to 2
Other processed foods	6.0	3.0	3.3	2.5	3 to 5

#### Changes for Major Food Marketing Costs

Cost	Average change from previous year			
	1984	1985	1986P	1987F
Percent				
All food marketing costs	4	1	-1	2 to 4
Labor	3	0	-1	1 to 3
Packaging	10	0	2	5 to 7
Transportation	4	1	0	0 to 1
Energy	1	-2	-14	2 to 4

P=Preliminary. F=Forecast.

to add some surplus capacity in their hatchery supply flocks. Therefore, these operators could quickly increase production if profit expectations warranted.

In 1987, pullet chick production is expected to increase 5 to 7 percent, after an increase of about 4 percent in

1986. While the hatchery supply flock could support a larger increase in production, such an increase is not expected because additional facilities would be needed.

#### Broiler Prices

Broiler prices in 1986 benefited from several factors, including increased demand from restaurant chains, especially those adding chicken items to

their menus, and hot weather during the summer in the Southeast, which caused some broiler losses and slower growth in birds. The 12-city composite of whole birds (both branded or graded) and whole birds without giblets averaged 67 cents per pound in the third quarter, up from 51 cents in third-quarter 1985. For all of 1986, wholesale prices likely averaged 56 to 57 cents per pound, 5 to 6 cents above 1985.

Broiler prices in the 12 cities during 1987 are expected to drop to 50 to 56 cents per pound because of the increase in production. Prices would probably drop more except for high red meat prices. Also, the demand for broilers from the restaurant industry is expected to remain strong in 1987, helping stabilize prices.

#### World Broiler Production

World production of broilers continued to increase in 1986, up 4 percent, and a gain of 5 percent is forecast for 1987. Greater output in many major importers reduced poultry meat imports in 1986, particularly in the Midwest and the USSR.

U.S. exports rose a quarter in 1986 and are forecast to be level in 1987. The major factors boosting exports have been the Export Enhancement Program (EEP) and the weakening of the dollar.

The United States' major markets for broilers are Japan, Hong Kong, Singapore, and the Caribbean. U.S. exports to Japan increased 86 percent during January-September 1986 over a year earlier, partly because of the lower value of the dollar against the yen. Singapore's pollution problems necessitated the closure of smaller mixed poultry and pig farms last year. However, the drop in domestically produced birds has been filled mainly by importing live chickens from Malaysia.

Hong Kong's pollution problems are also holding down poultry output. Imports from China are increasing to fill the demand from the expanding fast food market.

#### Turkey Outlook

Turkey meat produced in federally inspected plants during January-September 1986 was up 13 percent from 1985. The number of birds was up 13 percent and the average liveweight was down .07 pound to

19.89 pounds. Based on poult that could be slaughtered in the fourth quarter, output for all of 1986 may have expanded 12 percent from the preceding year. With returns well above costs in the second and third quarters of 1986, producers have moved to boost production in 1987, and output of turkey meat may increase 16 percent.

Stocks of frozen turkey on November 1, 1986, were up 12 percent from a year earlier. In the 2 years before, retailers had tight supplies of turkey for Christmas sales after unexpectedly strong sales at Thanksgiving. In 1986, retailers built stocks of frozen turkey early in the year. Stocks at the end of 1986 were probably higher than in 1985.

#### 1987 Turkey Prices

If output increases as expected and stocks of frozen turkey are up at the start of 1987, prices of turkey in 1987 may be slightly lower than in 1986. Prices of young hens in the first half may average 59 to 65 cents per pound, down from 65 in 1986. In the second half, prices could average 70 to 75 cents per pound, down from 70 to 81 likely for a year earlier.

#### Egg Outlook

Egg production in the first three quarters of 1986 was 7.7 million dozen above 1985's 4,246 million dozen, and fourth-quarter production may have increased about 1 percent from a year earlier, because falling prices throughout the year for feed grains increased net returns.

In 1987, egg producers are expected to slow sales of older hens and increase output 1 percent. Feed grain prices will remain low and thus the cost of producing eggs should remain near present levels.

Prices for cartoned Grade A large eggs averaged 72 to 75 cents per dozen in 1986, down from 76 cents in 1985. In 1987, prices may average 65 to 71 cents, down from 70 to 71 in 1986. [Allen Baker (202) 786-1830]

#### First-Half 1987 Milk Output Likely Down 2 to 4 Percent

During 1987, the key factor affecting the dairy outlook is whether reduced returns in 1986 have been sufficient to blunt the upward momentum in milk

production. Record-high milk-feed price ratios will encourage strong increases in output per cow, but will provide less of an incentive to expand cow numbers (table 14). Returns over concentrate costs may also be up slightly from 1986, but they will stay well below the early 1980's. However, the certainty of support-price reductions if large surpluses return may dampen enthusiasm for major new investment, and larger numbers of dairy operations changing ownership may lower cow numbers.

#### Production Outlook

Output per cow has been driven upward by increased concentrate feeding resulting from favorable milk-feed ratios. Milk output per cow in 1986 totaled more than 2 percent above 1985 and about 6 percent over 1983.

However, cow numbers were 4 percent below a year earlier by early fall because of the Dairy Termination Program, and cow numbers for all of 1986 averaged more than 1 percent below 1985. Intentions reports suggest that nonparticipants increased cow numbers slightly last spring and have maintained that level since. Expansion by nonparticipants may have been moderated by relatively low returns, financial difficulties for some, and less pressure from the supply of dairy heifers.

Milk production during the first half of 1987 probably will be 2-4 percent below a year earlier because of the DTP. Second-half output likely will be closer to a year earlier, and output for all of 1987 is expected to be down 1-3 percent.

#### Feed Prices

Prices paid for dairy feed include a substantial margin to cover transportation, manufacturing, and merchandising—costs that have not declined. As a result, a 25-percent drop in corn prices would translate into only an 8-percent decline in average ration costs. Such a drop in corn prices would have the same effect on the profitability of milk production as a 2-percent increase in milk prices.

The 1986 average cost of concentrates was probably about 6 percent below 1985's \$7.35 per cwt. The effective milk-feed ratio averaged about 1.75, up just slightly from 1985. In 1987, the average concentrate cost probably will decline 8-12 percent. The milk-feed ratio will be considerably higher, probably a record.

#### Milk Prices

Because of large price declines early in the year, 1986 milk prices averaged about 30 cents per cwt below a year earlier. Adjusted for differences in deductions, 1986 average milk prices were down about 55 cents from 1985, to the lowest since 1979.

A seasonal return to surplus conditions and the 25-cent support price cut this January 1 will push prices sharply lower by winter 1987. However, the more modest surplus may not push the Minnesota-Wisconsin price as much below support level as in most recent years. The second-half seasonal rise is expected to be moderate, possibly similar to 1986's. This seasonal pattern would leave the 1987 average price of all milk slightly below 1986, and the effective farm price would be similar to 1986.

#### Retail Prices

Retail dairy prices in 1986 averaged close to 1985, and they will probably be up only 1-3 percent in 1987. Commercial use of dairy products has responded to declining real prices, economic growth and, to some extent, promotion. Although gains slackened during the summer, commercial use in 1986 was up about 3 percent. Since 1983, sales have grown 10 percent. However, economic growth is likely to be a little sluggish, and with prices rising in 1987, the gain in sales may slow to 1-3 percent.

#### World Situation

Despite supply-control measures in many major dairy countries, world supplies remain large. Milk production in 38 selected countries was probably up 1 percent in 1986. Mexico, India, and the USSR posted large increases, but output in Eastern Europe and Brazil was down. Milk output in 1987 may hold about steady, if expected declines in the United States and the EC occur.

World trade in dairy products declined in 1986 as demand by most importing countries continued to fall. Excluding intra-EC trade, exports of butter, nonfat dry milk, and casein declined from 1985, while cheese exports were unchanged. The outlook for 1987 is for increased exports of butter (including butteroil) and cheese, while nonfat dry milk and casein exports are projected to be about the same. [Jim Miller (202) 786-1830]

## Huge Wheat Stocks Shadow World Markets

During 1986/87, record world wheat supplies are outweighing prospects for a 2 to 3 percent increase in use (table 25). World imports are projected to gain only around 2 percent from last year's depressed level. As a result, wheat prices are the lowest since the early 1970's.

### U.S. Prospects

With only 60.5 million acres harvested and yields the lowest since 1980, the 1986 U.S. wheat crop was only 2.1 billion bushels, nearly 350 million below the previous year (table 17). However, a large carryin means that total supplies for 1986/87 are the second highest on record—4 billion bushels. Even with use expected to exceed production for the first time since 1983, ending stocks are likely to be 1.9 billion bushels, about unchanged from a year earlier.

Nearly all of U.S. ending stocks for 1986/87 will be tied up in some type of Government program. But expanded use of generic certificates will increase the amount of wheat available to the market.

Wheat prices for 1986/87 are projected to average \$2.20-\$2.40 per bushel, the lowest since 1977/78. Since farm prices averaged below the loan level during the first five months of the marketing year, the wheat deficiency payment will be the maximum, \$1.98 per bushel (difference between the \$4.38 target price and the \$2.40 loan level).

### 1987 Winter and Spring

#### Crop Prospects

Generally, producers planted wheat this fall with good moisture conditions and full knowledge of the 1987 program. Excessive moisture in Minnesota, Michigan, and many of the Delta States either delayed fall planting or prevented planting altogether. But, in other areas, conditions were favorable for high yields for the 1987 winter wheat crop.

Moisture conditions are also excellent in the spring wheat and Durum areas. Wheat planted area for 1987 could be down about 10 percent from 1986's 72 million acres, assuming the same participation rate as in the 1986 program.

### World Wheat Production\*

Country/ region	1983/84	1984/85	Prelim. 1985/86	Proj. 1986/87
Million tons				
U.S.	65.9	70.6	66.0	56.5
Australia	22.0	18.7	16.1	16.0
Argentina	12.8	13.2	8.5	9.6
Canada	26.5	21.2	24.3	31.3
EC-12	63.8	82.9	71.8	71.2
China	81.4	87.8	85.8	89.0
USSR	77.5	68.6	78.1	81.0
India	42.8	45.5	44.2	47.0
Others	96.8	102.8	104.3	112.0
Total	489.5	511.3	499.1	513.6

### Returns & Variable Costs for 1987 Wheat Producers

1. Target price (\$/bu)	4.38
2. National avg. loan level (\$/bu)	2.28
3. Acreage reduction percentage	27.5
4. Permitted acreage percentage (1.0-#3)	72.5
5. Acreage Conservation Reserve (ACR) percentage (#3/#4)	.3793
6. Farm price (\$/bu)	2.28
7. Deficiency payment rate (\$/bu) (#1-#2)	2.10
8. Program payment yield (bu/acre)	33.0
9. Harvested yield (bu/acre)	37.0
10. Base acreage	100.0
11. Permitted acreage (#10 x #4)	72.5
12. Harvested program acreage (acre)	72.5
13. ACR requirement (acre) (#12 x #5)	27.5
14. Production (bu) (#12 x #9)	2,683
15. Income factors	
a. Production value (\$) (#14 x #6)	6,116
b. Deficiency payment (\$) (#12 x #8 x #7)	5,024
c. Total Income (\$) (#15a + #15b)	11,140
16. Variable costs of production	
a. Harvested acreage (\$) (#12 x \$45)	3,263
b. Maintenance of ACR (\$) (#13 x \$15)	413
c. Total variable costs	3,676
17. Net Income (\$) (#15c - #16c)	7,464

### Outlook for Major Competitors

The 1985 Farm Act has had some impact on major U.S. competitors. However, production decisions for most countries' 1986 crops were well along by the time the law was passed.

In Argentina, area devoted to wheat in 1986 was 30 percent lower than the 1982 high, mainly because returns from oilseeds and coarse grains were more attractive. Area devoted to wheat in Australia edged down in 1986 for the third consecutive year. This reflected some shift of wheat area back into grazing as the wheat outlook deteriorated and livestock outlook improved. Canadian wheat producers, however, faced with prospects for lower returns for the 1986 crop, nevertheless expanded area to an alltime record.

For 1986/87, EC wheat exports to third countries are projected at 14.5 million tons, the lowest in 7 years, largely reflecting reduced opportunities for Soviet sales. Offsetting this, EC wheat imports are likely to continue at last year's record low of 2.6 million tons.

As yet, lower prices have not stimulated world use, except for some early 1986/87 sales of wheat for feed. Much of the growth in world use this season will come from increased domestic production. Unfortunately, in a number of countries consumers do not see lower wheat prices because of import barriers. Eventually, though, lower world prices should stimulate import demand. [Frank Gomme, FAS (202) 475-4138 and Bruce Weber, ASCS (202) 447-4146]

World Wheat & Flour Trade\*

	1984/85	Prelim. 1985/86	Proj. 1986/87
Million tons			
Exports			
Canada	19.4	16.9	18.0
Argentina	8.0	6.1	4.6
Australia	15.8	16.0	14.5
EC-10	18.5	15.5	14.5
Subtotal	61.7	54.5	51.6
U.S.	38.1	25.0	28.0
Other	7.1	5.5	7.0
Total	106.9	85.0	86.6
Imports			
EC-12	3.4	2.6	2.6
Mideast & N. Africa	14.1	11.0	11.1
Egypt	6.6	6.7	7.0
Mexico	.5	.1	.2
India	.2	.1	.1
E. Europe	2.6	3.4	3.3
China	7.4	6.6	7.0
USSR	28.1	15.7	14.0
Other	44.0	38.8	41.3
Total	106.9	85.0	86.6

1/ July/June marketing year. 2/ Algeria, Morocco, Tunisia, Iran, Iraq, and Nigeria.

**Rice Outlook: Both Exports and Domestic Use Gaining**

The rice program for the 1987 crop basically is unchanged from 1986. The 35-percent acreage reduction program will encourage production within the permitted acreage; virtually no rice will be produced outside of the program.

Over the past 3 years, domestic harvested yields have jumped more than 22 percent—from about 4,600 pounds per acre in 1983 to over 5,600 in 1986 (table 17). The new high-yielding varieties now have been widely adopted, so further yield increases will reflect primarily improved management. If a 2-percent increase is assumed for 1987, yields would be about 5,750 pounds per acre.

Since 1981, domestic use of milled rice has increased about 4.5 percent per year. With the drop in domestic prices resulting from the marketing loan program, domestic use is expected to increase faster than the average of recent years. Although brewer and seed use in 1985 was likely flat, new products and increased promotion of table rice probably boosted total domestic use. Domestic use for 1986/87 is es-

timated at 58 million cwt, up about 5.5 percent from 1985. Use in 1987/88 could be up an additional 5 percent.

The jump in exports from about 59 million cwt in 1985/86 to 80 million in 1986/87 (a 36-percent increase) has come as the United States has recaptured its traditional shares of European and Middle East markets. Growth in exports for 1987/88 will likely be considerably less. Growth will depend on maintaining these traditional markets while either developing new ones or capturing a steady share of expanding world trade.

However, world trade has been rather flat, remaining within a range of about 11.5-12.5 million metric tons the past 4 years. If this sluggishness continues, growth will depend on developing new commercial markets. Large export markets are not ordinarily quickly developed, but three come to mind: Iran, Nigeria, and Japan. All are proven markets for U.S. rice and places where trade policy changes could greatly enhance U.S. exports. [Eugene S. Rosera, ASCS (202) 447-5954]

**Large Stocks and Low Prices  
Mark Feed Grain Outlook**

In 1986/87, the United States faces record feed grain supplies for the second year in a row, and prices lower than they have been in more than a decade (table 17).

Although 9 percent below 1985's record crop, 1986 feed grain production was still large—250 million metric tons—despite heavy participation in the acreage reduction program. Yields of 2.47 tons per acre were marginally above the 1985 record. Grain sorghum and barley yields were near a year earlier, although oat yields fell 4 percent. Corn yields set a new record near 119 bushels per acre.

Supplies of feed grains are 14 percent above 1985/86 because of the large harvest and record carryin. Carryin stocks were 126 million tons, compared with about 58 million for the 1985/86 marketing year. Total supply for the current marketing year is estimated at 377 million tons.

Feed disappearance for the four feed grains is projected to decline marginally to 134 million metric tons in 1986/87. Based on price incentives, the quantity of feed grains fed in 1986/87 would be expected to increase sharply. But, 1986/87 feed use is expected to be about level or fractionally lower than in 1985/86, because grain-consuming animal units probably will decline about 1 percent.

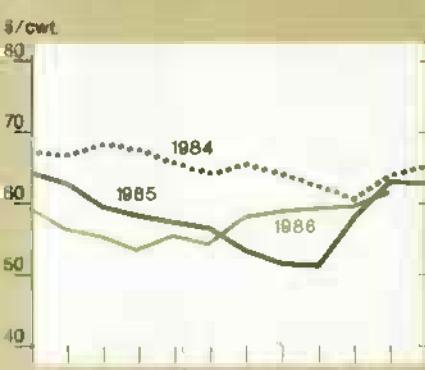
Poultry animal units—which include broilers, chickens, turkeys, and the egg and brood flocks—are expected to increase about 5 percent. But, dairy cattle will probably shrink 7 percent, and beef and hog animal units are expected to decline 3 to 4 percent.

**The New Crop Year**

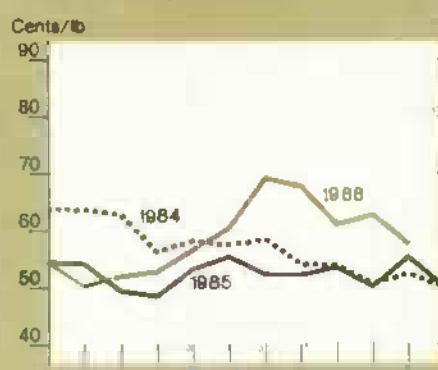
In 1987/88, feed grain plantings will likely decline from this season's 119 million acres. The 20-percent acreage limitation and the 15-percent diversion program will pull a substantial area out of production. Program signup will probably be at least as high as this year, when 85 percent of the corn base was enrolled. Program benefits will increase because of the frozen target price, lower loan rate, and lower market prices caused by larger supplies. Some questions remain about the effect of the \$50,000 payment limit, however, which would constrain payments on roughly 10 percent of the corn base.

## Commodity Market Prices

Choice steers, Omaha



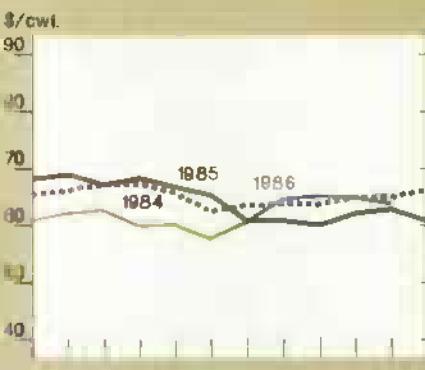
Broilers, 12-city average



Corn, Chicago<sup>3</sup>



Feeder cattle, Kansas City<sup>1</sup>



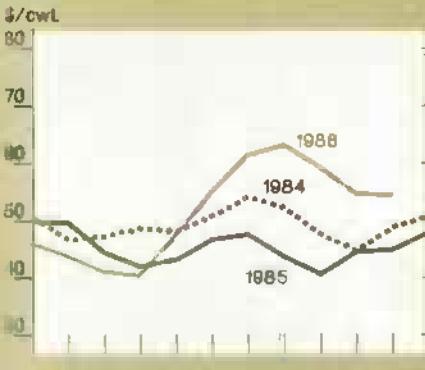
Eggs, New York<sup>2</sup>



Soybeans, Chicago<sup>4</sup>



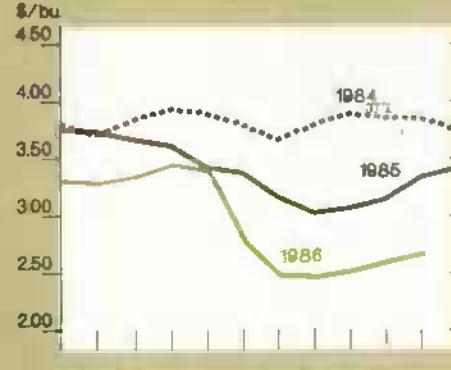
Barrows and gilts, 7 markets



Rice (rough), SW Louisiana



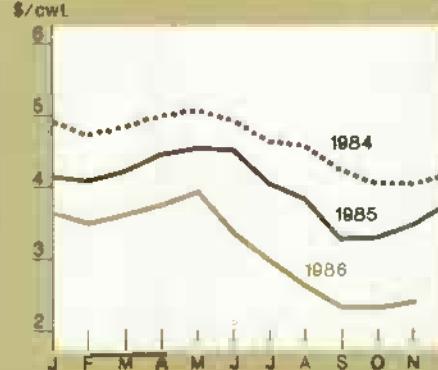
Wheat, Kansas City<sup>5</sup>



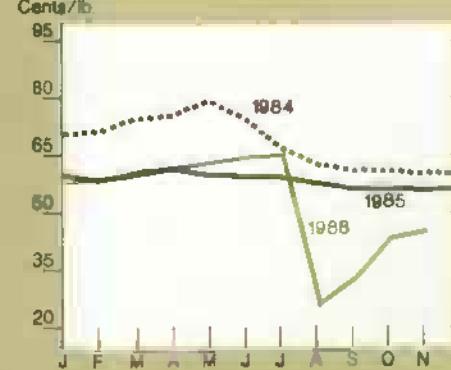
All milk



Sorghum, Kansas City



Cotton, average spot market



600-700 lbs., medium no. 2. <sup>1</sup>Grade A Large

<sup>2</sup>No. 1 Yellow, <sup>3</sup>No. 2 Yellow, <sup>4</sup>No. 1 HRW.

### Soviets Publish Grain Data

For the first time in 6 years, the Soviet Union has published grain production data by grain type. Following record production in 1978 (238 million tons) and a poor crop the next year, the Soviets began a policy of not reporting crop production data. However, publication of the national statistical handbook and several other sources this year marked the beginning of a new policy of openness.

Data reported in the handbook for 1981-1985 show that production has been close to USDA estimates. However, the new, slightly lower data on feed use indicate that the Soviets may have stockpiled some grain in the first half of the 1980's—which at least partially explains their recent absence from international grain markets. Recent Soviet purchases have been limited to Canada and the EC-12.

Official procurement data for each Soviet republic were also published recently. These data, along with announcements from high-ranking members of the Politburo, indicate that Soviet production in 1986/87 is 210 million tons, the second largest crop this decade.

Even so, operators will likely idle more than 20 million acres of corn base in 1987, compared with about 13 million acres in 1986. Therefore, corn plantings are likely to be between 65 and 69 million acres, rather than 77 million as in 1986. Overall, feed grain plantings will probably decline 10 percent.

Food, seed, and industrial use may again increase around 2 percent. Demand for food, sugars, and starches will grow with the economy and the population. Ethanol demand is still uncertain.

But, feed demand could surge in 1987/88. Hog and broiler growers are likely to increase production if their profit margins remain high. However, livestock producers' profits may dwindle if meat supplies increase greatly, and feed demand may level off or decline in following years. Overall, disappearance of U.S. feed grains in 1987/88 will likely be about level with production, spelling little change for ending stocks.

### Corn

Food, seed, and industrial use of corn typically grows 80-100 million bushels, but grew only 20 million bushels in 1986/87. The outlook for corn exports has dimmed considerably with recent upward revisions in the Soviet grain crop. Corn exports in 1986/87 are expected to be 1.13 billion bushels, 9 percent below 1985/86, and substantially below other recent years. The 1986/87 carryout is estimated to be a record 5.8 billion bushels, surpassing the record 4 billion estimated for September 1, 1986.

Monthly farm prices for corn have declined steadily since last May, and have been about 35 percent below a year earlier since the start of the 1986/87 marketing year. The November price was \$1.47 per bushel. Thus, even with a loan rate of \$1.92 per bushel (\$1.84 to farmers after Gramm-Rudman-Hollings reductions), the average farm price of corn will likely be \$1.35 to \$1.65 per bushel in 1986/87.

### Other Feed Grains

While monthly farm prices for sorghum are 30 percent below a year earlier, they have remained high relative to corn. In October, the sorghum Gulf port price of \$1.76 per bushel compared with \$1.66 for corn. The high prices could discourage sorghum exports and feeding this marketing year. Export commitments are lagging, and sales are expected to fall marginally to 175 million bushels.

Barley production in 1986 was a record 600 million bushels, up marginally from the preceding 2 years. Feed disappearance was record high (333 million bushels) in 1985/86. It is expected to stay high in 1986/87, but fall more in line with recent years to 300 million bushels.

U.S. barley exports, increasing 4-1/2 times from a year ago, received an enormous boost from Export Enhancement Program sales to Saudi Arabia. Exports are projected to be 100 million bushels this season, based largely on Saudi purchases.

Monthly barley farm prices so far in 1986/87 have been 20 to 30 percent below a year earlier, although by October they were no longer declining. Feed barley prices appear to have bottomed out in August. For 1986/87, the barley price is expected to average between \$1.45 and \$1.65 per bushel.

### Price Support Loan Activity & The Role of Certificates

Placements of new-crop corn under loan totaled 1.6 billion bushels by early December, 48 percent above loan placements by the same time in 1985. This accelerated activity may be the result of several factors. First, more was harvested earlier: the 1986 crop was 63 percent harvested by early November, compared with 57 percent of the 1985 crop. Second, more was eligible: program participation was 85 percent in 1986, compared with 69 percent in 1985. Third, the incentives to place grain under loan are stronger. Farm prices have fallen further below loan rates this year. For November, the difference between the farm price and loan rate was 37 cents in 1986, compared with 34 cents in 1985.

Finally, generic certificates did not exist last fall. Prolific, popular, and profitable, the certificates may be inducing some quick turnaround in loan placements and certificate exchanges. Redemptions of 1986-crop corn, which include certificate exchanges, are greatly ahead of 1985: 163 million bushels through December 3, 1986, compared with only 1.3 million through December 4, 1985.

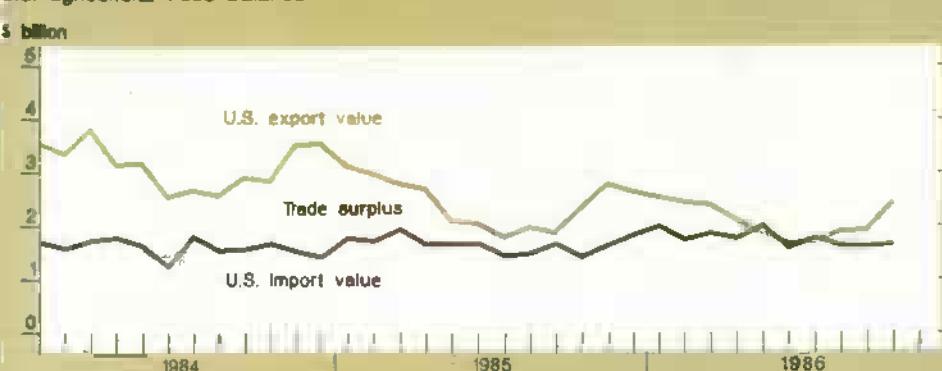
With the high participation in the 1986 feed grain program, about 6 billion bushels of corn may be eligible to be placed under Government loan. Although loan placements likely will not be this large, they will probably exceed 1985/86's 3.1 billion bushels. As in 1985/86, generic certificates will likely increase free supplies.

Partial payments of 1986 feed grain and wheat deficiency and diversion payments were made with certificates worth about \$2.53 billion through late November. An additional \$54 million of generic certificates were issued to U.S. ethanol producers, and \$67.5 million to domestic grain exporters through October. In all, certificate issuances as of November 27 totaled an estimated \$2.7 billion.

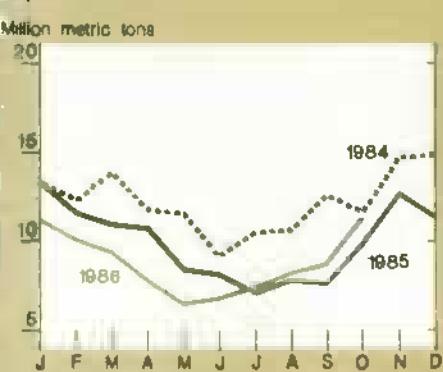
Reported redemptions of Government-obligated grain and soybeans through December 3 amounted to \$1.7 billion in certificates. Most exchanges have been used to cancel producer loans, rather than to purchase Government-owned commodities.

# U.S. Agricultural Trade Indicators

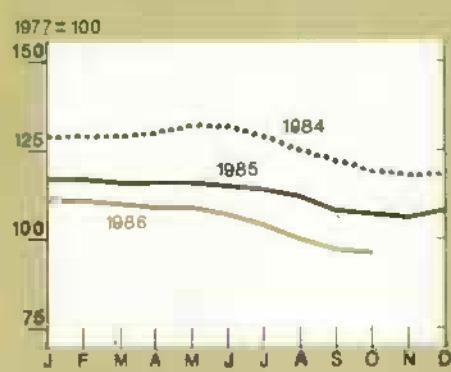
## U.S. agricultural trade balance



## Export volume



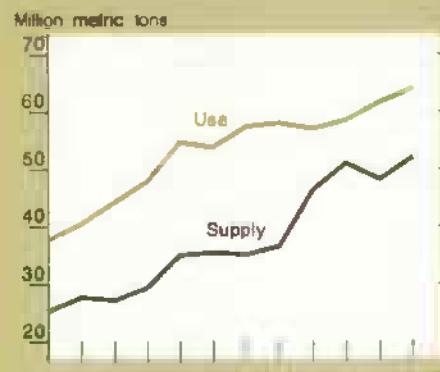
## Index of export prices



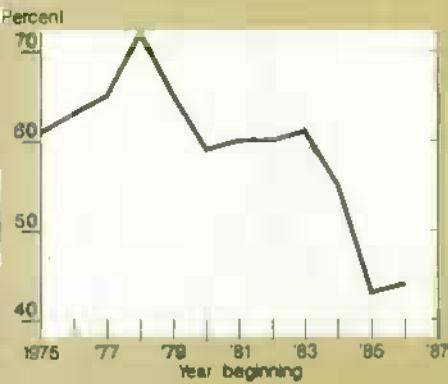
## Foreign supply & use of coarse grains



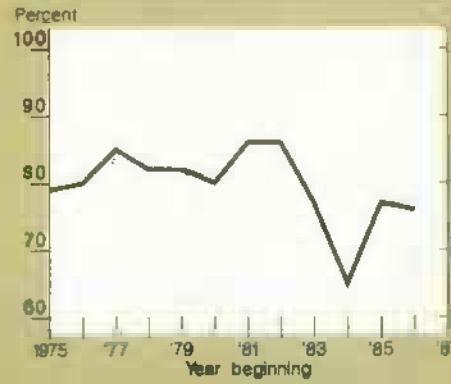
## Foreign supply & use of soybeans



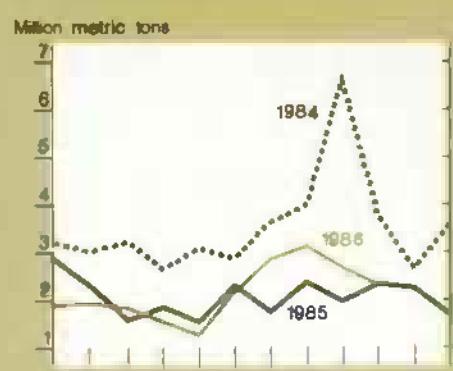
## U.S. share of world coarse grains exports<sup>1,2</sup>



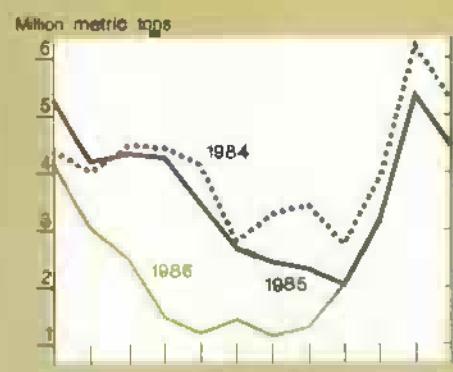
## U.S. share of world soybean exports



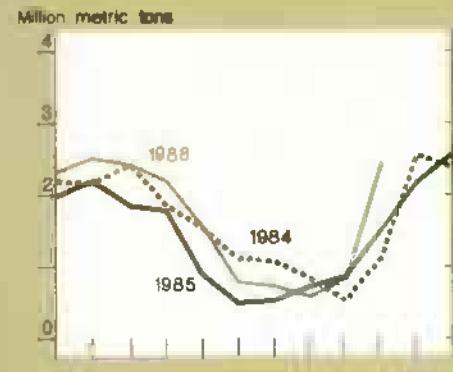
## U.S. wheat exports



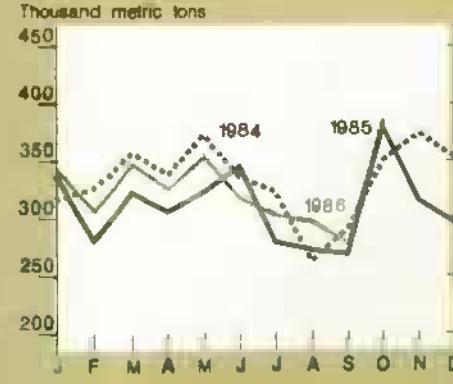
## U.S. corn exports



## U.S. soybean exports



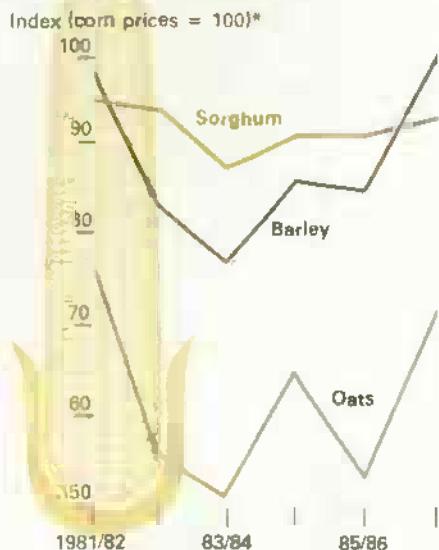
## U.S. fruit & vegetable exports<sup>3</sup>



<sup>1</sup> Excluding intra-EC trade. <sup>2</sup> October-September years. <sup>3</sup> Includes fruit juices.

Note: Wheat, corn, soybean, and cotton exchange rates and export unit values are now included in the U.S. Agricultural Trade tables at the back of this issue.

### Sorghum, Barley, and Oat Prices Rising Relative to Corn



\*Index of season average farm prices, with the price of corn = 100 each year.

Oat production in 1986 was an estimated 384 million bushels, down 137 million from 1985. Thus, total supplies are 18 percent lower at 596 million bushels. Because of tight supplies and a smaller dairy herd, oat feed use during 1986/87 will likely drop to 400 million bushels, down 61 million. Exports probably stayed at 2 million, with food, seed, and industrial use increasing slightly to 85 million bushels in 1986/87.

Therefore, 1986/87 ending stocks of oats are projected at 109 million bushels, a 40-percent drop from last year. This would mean a stocks-to-use ratio of .22, the tightest supply situation on record.

Tight oat supplies have affected the normal oat/corn price ratio. Typically, oat prices average 50-55 percent of corn prices. In the current marketing year, oat prices are expected to be \$0.95 to \$1.20 per bushel, 70 to 80 percent of the corn price.

### World Coarse Grain Situation

Global feed grain production in

1986/87 is forecast to be the second largest ever, despite the big drop in U.S. production. At over 830 million metric tons, the global crop is only 17 million tons below the 1985/86 record, when U.S. production was almost 25 million tons higher.

Large carryin stocks for 1986/87, coupled with production gains in key countries, have lowered world market prices. World trade in coarse grains is forecast at 85 million tons, up from 84 in 1985/86 but well below other recent years. U.S. coarse grain exports are forecast at 35.3 million tons, also below recent years except 1985/86.

Competition in world grain markets in 1986/87 has been intensified by the Chinese, who have increased their sales to South Korea, Japan, and the USSR. For the year, China's sales are likely to exceed 6 million tons. As a result, the forecast of U.S. coarse grain exports (largely corn) show a decline from the previous year. In 1986/87, U.S. corn exports are forecast at 29 million tons, down 3 million, while sorghum trade is likely to decline marginally. (David Hull (202) 786-1840)

### Oilseeds Face Slow Growth in World Consumption

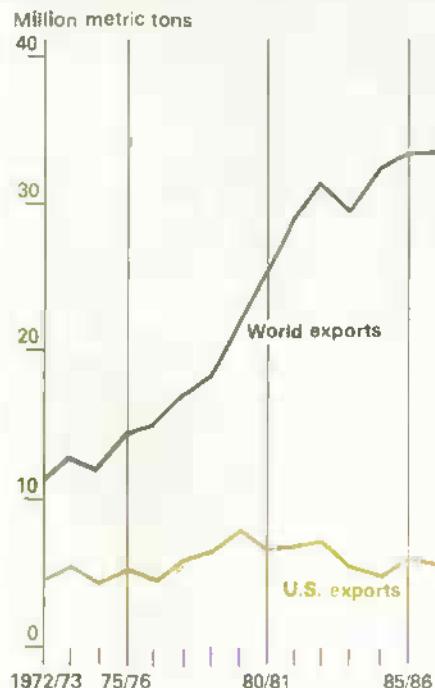
During 1986/87, world oilseed production will reach 196 million tons, but U.S. production will fall from 65 million to 61. Globally, consumption of both meal and oil will rise, with most of the increase outside the United States (table 25).

Meal consumption is forecast to rise to 106 million tons from 105—a lower rate of gain than in past years. These developments will be in line with long-term trends. But with consumption growth not keeping pace with the expected increase in production, oilseed stocks will build and prices will remain depressed.

World oilseed exports in 1986/87 will increase 4 percent to 35 million tons, but will still be lower than exports in the early 1980's. U.S. exports of oilseeds (mostly soybeans) will be almost 22 million tons, in line with the growth in total trade. World protein meal and vegetable oil exports will remain essentially unchanged. U.S. exports of meal and oil will both decline, continuing the trend of the past several years.

United States meal consumption has grown relatively slowly—from about

### For Protein Meal, World Exports Climbing But U.S. Exports Flat



14 million tons in the early 1970's to about 20 million in 1985/86, and little change in the rate of growth is forecast for 1986/87 (table 17). Protein meal consumption in the rest of the world has grown far more rapidly—from about 45 million tons in 1972/73 to over 85 million in 1985/86. Recently, though, there has been a significant slowing in the growth rate of world protein meal consumption. The most important reason is the global recession, which reduced demand for livestock products.

Similarly, U.S. consumption of vegetable oils has grown from 4.4 million tons in 1972/73 to 6.1 million in 1985/86, with an increase to 6.3 million forecast for 1986/87. During the same period, foreign vegetable oil consumption grew by over 20 million tons, and it is projected to expand another 1.1 million in 1986/87. Demand for vegetable oil is relatively unresponsive to changes in prices, and the growth in consumption has been fairly steady.

One important trend is that the U.S. share of world production is beginning to decline. While world oilseed production has continued to grow, U.S. production has stabilized and declined. Because meal and oil consumption is growing much faster outside the United States than within, selling more U.S. oilseeds means exporting more.

### U.S. Exports

U.S. oilseed and product exports expanded into the early 1980's but have declined since. Total world exports have continued upward, meaning that major U.S. competitors have gained market share while U.S. exports have fallen. Since about 1979/80, all the growth in world trade in the oilseed complex has been in protein meals and vegetable oils.

Total oilseed exports stabilized, while exports of protein meals and vegetable oils have increased by about 11 million tons since 1979/80. U.S. and world total oilseed exports have tended to track closely, although the United States slipped a bit in the past 3 years (especially 1984/85—the year of the record Brazilian soybean crop).

*(Richard T. McDonnell (202)  
447-8809)*

### U.S. Cotton Export Share May Gain Again in '87/88

Economic theory postulates that as the price of a commodity decreases, production declines, consumption rises, and use of substitutes decreases. Seldom has economic price theory been as vividly demonstrated as by cotton over the past year or two.

For 1986/87, world cotton production is forecast at 70.4 million bales, more

than 8 million below 1985/86, and global cotton consumption is projected at a record 77 million bales, up 2.5 million from 1985/86 (table 25). China, the number-one consumer, will account for nearly one-fourth of world use. In addition to low prices relative to manmade fibers, cotton is benefiting from strong consumer preference for natural fibers in a number of countries.

World cotton stocks at the end of this season may total 41 million bales, down more than 7 million from a year earlier. The United States is expected to account for one-half of the reduction. Stocks may decline about 3 million bales in China. Even so, China's projected stocks of 15.2 million bales comprise nearly half of all foreign stocks. Elsewhere, stocks are anticipated to change little this season. Besides China, stocks remain excessive in India, Pakistan, and Brazil.

Global trade may total about 23 million bales, up 2.7 million from 1985/86 and the largest since 1979/80's record. The United States is expected to garner nearly 30 percent of the total, followed by the Soviet Union, Pakistan, and China, each with about 12 percent. This trade picture represents a marked turnaround from last season, when Pakistan, China, and several other competitors took markets away from the United States.

In the United States, the crop of 9.8 million bales is off 3.6 million from last season, reflecting both smaller area and weather-reduced yields. At the same time, combined mill use and exports are expected to total 13.8 million bales, up more than 5 million from last season's extremely low level.

While mill use is projected up about one-tenth to 7 million bales, exports may total 6.75 million, 3-1/2 times the disastrous 1985/86 performance. Competitive prices are playing a major role in these gains. This season's ending stocks are placed at 5.5 million bales, down from 9.3 million on August 1, 1986, but still 15 percent above the 1980-84 average.

During 1986/87, producers will receive cash payments and marketing certificates estimated at \$1.5 billion. In addition, inventory protection and first handler certificate payments are estimated at \$0.9 billion.

### 1987/88 Production and Consumption

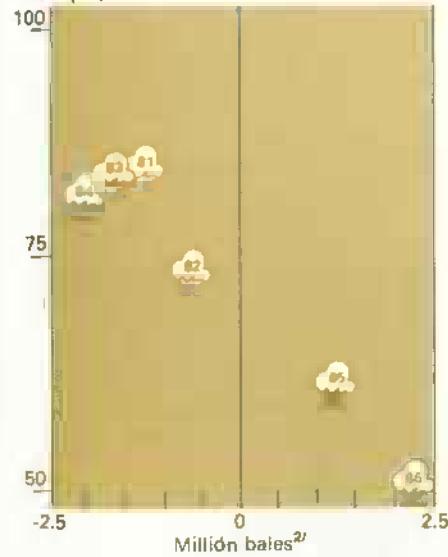
For 1987/88, world cotton area could increase a little if prices at planting time remain near current levels of 55 to 60 cents per pound, which are moderately above last season. If world yields next season remain near the below-trend average of 1986/87, production could total slightly above this season's 70.4 million bales.

However, if yields bounce back to the 10-year trend level of 558 kilograms per hectare, 10 percent above this season, production could total 77-80 million bales in 1987/88. In addition to the United States, countries that could see larger production next season include the Soviet Union, Australia, and some of the Central and South American countries.

Over the past decade, the average annual growth in global cotton use has been about 1.5 million bales, with gains in population and income providing most of the impetus. However, changes in cotton prices have also been important, explaining nearly 95 percent of the deviations from the average increase. During the 1980's, a 10-percent change in price has been associated with about an 0.8-million-bale change in consumption in the opposite direction, holding population and income constant. If cotton prices stay low relative to manmade fibers, world cotton use could expand 2-3 million bales in 1987/88.

### With Lower Cotton Prices, World Mill Use Has Moved Above Trend

Cents/pound<sup>1/</sup>



Northern Europe A Index for previous year.

If the factors mentioned above materialize, output and use next season would increase about 12 percent and 2 percent, respectively, placing production and consumption about in balance near 77-80 million bales. Consequently, world stocks will remain burdensome, equal to more than 50 percent of use. Imports in 1987/88 could increase slightly if consumption continues to improve. The United States, China, Pakistan, and other foreign exporting countries will compete vigorously for markets.

#### U.S. Outlook

In the United States during 1987/88, participation in the 1987 upland cotton program will probably be below 1986's 91 percent, and planted acreage could rise to around 10 million, compared with 9.5 million last year (table 17). Given yield variability, production could range from 9.5 to 13.5 million bales. Trend yields would indicate a crop approaching 12 million bales.

Unless relative fiber prices change dramatically to the detriment of cotton, strong consumer demand will continue to encourage U.S. mills to emphasize cotton. However, intense competition from cotton textile imports makes it unlikely that U.S. cotton mill consumption will rise much above the current 7 million bales.

During 1986/87, the U.S. export share is rebounding to a more normal level of nearly 30 percent, and it should remain there next season. This points to U.S. exports in the range of 6 to 7 million bales.

#### Long-Term Prospects

Longer term global cotton prospects are for further increases in production and consumption. Acreage could gradually expand, too, depending on policies in major producing countries and cotton prices. If yields continue to rise at the 3-percent average annual rate established during 1977-86, world production could total 80 to 90 million bales by 1990. China likely will continue as the world's leading producer.

U.S. cotton production will be governed by the Food Security Act of 1985 until 1991. Given this country's tremendous production potential, acreage reduction programs will likely continue to be needed to help balance supply and demand and maintain stocks at the desired 4 million bales or so.

If cotton prices remain competitive with manmade fibers and the recent upward trend in cotton consumption persists, world use may total 80-85 million bales by 1990. This projection assumes, of course, the absence of a world economic recession during the rest of the 1980's. As with production, China will probably stay the world's largest consumer. Continuing intense competition from textile imports will likely restrict further growth in U.S. mill use.

This scenario—world cotton production matching and perhaps exceeding consumption during the late 1980's—implies that world stocks will remain excessive. However, China holds nearly 40 percent of global stocks, and its stocks are expected to be worked down to more normal levels by 1990, helping to reduce the world surplus. [Russell Barlowe, WAOB (202) 447-9805]

#### Tobacco Outlook: Supplies and Demand Shrinking

The U.S. tobacco outlook for 1986/87 is highlighted by large but declining supplies of leaf and reduced demand for tobacco products. U.S. production

in 1986 was down about 21 percent from 1985. The smaller production, together with lower carryin stocks, reduced supplies about 8 percent to 5 billion pounds. However, U.S. prices are lower partly because the quality of this year's crop is down (table 24).

Because of the lower quality crop, stagnant and declining consumption in major importing countries, quotas and tariffs that discriminate against U.S. leaf, and ample world supplies, exports may decline in 1986/87. However, increases in domestic use may about offset the decline in exports, leaving total use about unchanged in 1986/87.

The 1987 crop will probably increase a little because effective quotas are expected to rise. The basic quota for flue-cured declined 3 percent but the effective quota (actual marketings allowed, including unutilized quota from previous years) is up 5 percent. The effective burley quota may remain near the 1986 level because quota carryover is larger.

Although a larger crop is expected in 1987 if yields are average, production would still be considerably lower than that of the 1970's and early 1980's.

Cigarette Production in Selected Countries, 1985 & 1986

	1985E	1986F	Change
	Billion cigarettes	Percent	
Brazil	146.3	150.0	+3
Bulgaria	92.2	95.0	+3
China	1,180.0	1,270.0	+8
EC-12	652.6	655.0	—
Indonesia	106.7	110.0	+3
Japan	303.0	300.0	-1
U.S.	665.3	658.5	-1
USSR	380.0	385.0	+1

E = Estimated. F = Forecast.

Leaf Exports in Selected Countries, 1984-1986

	1984	1985E	1986F
	Metric tons		
U.S.	246,156	249,015	225,000
Brazil	182,438	200,000	170,000
Greece	98,840	84,885	85,000
Italy	96,796	85,013	85,000
Zimbabwe	86,666	98,625	99,500
India	80,687	64,400	71,000
Turkey	69,720	102,726	80,000
Bulgaria	61,500	62,000	62,000
Malawi	64,000	65,000	62,000
China	26,756	19,200	24,400

E = Estimated. F = Forecast.

Prices in 1987 will stay about the same as in 1986, but increased production would boost the value of the crop.

U.S. cigarette output likely dropped to 658 billion pieces in 1986, about 7 billion below 1985 and 78 billion below the record high in 1981. Cigarette consumption may have fallen about 2 percent, after declining 1 percent in 1985. U.S. consumption per person 18 years and older may be down about 5 packs, from 3,370 to 3,275 pieces. This would be the lowest since 1944.

World tobacco production in 1986 was an estimated 6.52 million metric tons (farm-sales weight), down 5 percent from 1985. The lower 1986 production was largely due to reduced output in China, the United States, and Pakistan, where production fell by 9, 21, and 36 percent, respectively.

World cigarette production during 1987 may reach 5,051 billion pieces, or 2 percent above the 1986 estimate of 4,948 billion. Although consumption is stagnant in the United States and the European Community, increased consumption in China will keep world production rising.

In 1986, China's cigarette production likely rose 7 to 8 percent above 1985, to around 1,270 billion pieces. For 1987, a conservative 4-percent increase will push China's production to 1,321 billion pieces. Despite China's continued annual growth, stagnant consumption among the industrialized nations should slow the increase in cigarette output in future years. *[Verner Grise (202) 786-1840 and Harry C. Bryan]*

### Fruit Outlook: Grower Prices Slipping

#### Fresh Citrus

The December forecast of 1986/87 U.S. citrus production (excluding grapefruit in California's "other areas") is 12.3 million tons, 14 percent above 1985/86 (table 22). As of December 1, larger crops were indicated for all citrus. Demand for citrus fruit will likely remain stable. Consequently, the larger crops are expected to weaken grower prices.

Prospects for U.S. orange exports may improve somewhat because of lower prices and a weaker dollar. In addition, the Japanese Government recently announced that its import quota for

#### Index of Quarterly Prices Received by Growers for Fresh & Processing Fruit, 1983-1987

Year	1st	2nd	3rd	4th	Annual average
1977=100					
1983	126	127	110	151	128
1984	142	170	255	239	202
1985	184	188	178	183	183
1986	155	160	172	184*	168*
1987*	147	151	159	148	151

\*Estimated. Source: Agricultural Prices, NASS, USDA.

#### U.S. Citrus Production, 1979/80, 1985/86, & 1986/87

Crop	1979/80	1985/86	1986/87	1,000 short tons
Orange	11,832	7,512	8,440	
Grapefruit*	2,986	2,188	2,392	
Lemons	786	697	958	
Templets	270	133	162	
Tangelos	288	133	180	
Tangerines	275	149	174	
Total*	16,440	10,812	12,306	

\*Excludes California grapefruit in "other areas." Source: Crop Production, NASS, USDA.

#### U.S. Noncitrus Fruit: Total Production, 1984, 1985, & Indicated 1986

Crop	1984	1985	1986	1,000 short tons
Apples	4,166	3,975	3,869	
Apricots	127	132	69	
Cherries	318	276	255	
Grapes	5,194	5,605	4,908	
Nectarines	183	211	195	
Peaches	1,330	1,074	1,139	
Pears	710	747	711	
Prunes/plums	721	642	462	
Total	12,749	12,662	11,608	

#### Per Capita Fruit Consumption, 1982-1986

	Total	Fresh	Canned	Chilled	Frozen	Dried	Pounds, fresh-weight equivalent
1982	199.2	86.7	21.5	7.1	73.5	10.4	
1983	209.9	91.6	19.0	8.4	80.2	10.6	
1984	196.5	90.6	18.1	7.5	69.5	10.9	
1985	210.6	91.3	16.2	6.5	85.5	11.1	
1986	213.6	92.5	16.0	6.5	88.0	10.8	

Source: Economic Research Service, USDA.

fresh oranges during fiscal 1986/87 (April 1986-March 1987) is 115,000 metric tons, 10.6 percent above the previous season.

Export prospects for fresh grapefruit are favorable. Nevertheless, larger crops of grapefruit and oranges could keep grapefruit prices below last season. Carryover stocks of most processed grapefruit products are high going into 1986/87, so processor demand may not be as strong as the preceding season.

#### Processed Citrus

Stocks of frozen concentrated orange juice (FCOJ) as of late October were 22 percent below a year earlier, and carryover could be 35 to 40 million gallons, compared with 48 million last season. The larger Florida orange crop and a higher juice yield will result in increased output of approximately 150 million gallons of FCOJ in 1986/87. Nevertheless, domestic supplies will still be small because of expected smaller carryin stocks. Consequently, FCOJ prices are likely to remain firm, and imports will be heavy.

#### Fresh Noncitrus

The 1986 noncitrus crop—including major tree fruits and grapes—likely totaled 11.8 million tons, down 8 percent from the previous season. Consequently, fresh noncitrus fruit supplies will be lower in early winter, and prices are likely to be higher than a year ago.

For fresh apples, smaller supplies in the Central and Eastern regions and rising demand should keep prices relatively firm through the winter, despite the larger orange crop. Exports are likely to improve because of the weak dollar and larger supplies of fresh apples from Washington State.

Because of a smaller crop, fresh market grape supplies will be down this season, and use is not expected to rise appreciably. California wine shipments have been strong. Shipments for the first 7 months of 1986 were substantially above a year earlier. In contrast, foreign wine shipments registered a 19-percent decrease because of higher prices resulting from the weak dollar. With higher grower prices for wine grapes, and strong domestic consumption, wine prices are likely to remain above a year ago.

#### Processed Noncitrus

The outlook for processed noncitrus fruit during 1986/87 is mixed. Even though the canned fruit pack is expected to be down for some items, increased stocks will still result in adequate supplies. Supplies of raisins, prunes, frozen fruit and berries, and most tree nuts will be smaller than a year ago because of a reduced output.

#### Per Capita Consumption

Per capita fruit consumption in 1986 is projected at 213.6 pounds (fresh weight equivalent), 3 pounds or 1.4 percent above 1985. The increase likely came mostly from continued gains in FCOJ consumption because of lower prices. Orange juice consumption is expected to rise further because prices are likely to be steady and more orange juice will be available in 1987, through either imports or domestic sources.

Per capita consumption of processed noncitrus fruit fell from 26.7 pounds in 1984 to 26.4 in 1985. Canned fruit consumption continued its downward

trend, while frozen and dried fruit gained slightly. The decrease in canned fruit consumption can be traced to several factors:

- Consumers now demand less sugar in any kind of food, so sales of canned fruit traditionally packed in heavy syrup have declined.
- More eating away from home reduces the opportunity to consume canned fruit.
- Canned fruit prices are generally higher than fresh fruit.
- Limited advertisement and promotion of canned fruit probably is also an important factor.

*(Ben Huang (202) 786-1766)*

#### Higher Vegetable Prices in Prospect

Decreased 1986 output of commercial vegetables, potatoes, sweetpotatoes, and pulses will bring higher 1987 fresh vegetable prices (table 23). However, prices for storable vegetables will be down because of large 1986 carryin stocks.

Fresh Vegetables: U.S. Production of the Major Items in Principal Producing States, 1975-86\*

Year	Fresh		Processing Million tons
	Million cwt		
1976	176.1		9.8
1977	178.7		11.3
1978	184.4		10.0
1979	191.7		11.2
1980	190.6		9.6
1981	195.0		9.2
1982	206.5		11.2
1983	197.9		10.3
1984	217.1		11.4
1985	217.8		11.1
1986 2/	207-219		10.8

1/ Fresh vegetables include asparagus, broccoli, carrots, cauliflower, celery, sweet corn, lettuce, onions, tomatoes, and honeydews, in major producing States. Processing vegetables include processing snap beans, sweet corn, green peas, and tomatoes, in major processing States. 2/ Unofficial ERS estimate.

Source: NASS, USDA.

Per Capita Utilization of Vegetables (Farm-Weight Basis)

Year	Fresh veg.	Canning veg.	Freezing veg.	Fresh potatoes	Process. potatoes
	Pounds				
1970	71.3	64.7	11.2	63.0	58.6
1975	74.3	81.6	13.8	54.6	68.9
1980	81.3	83.3	14.6	45.9	64.4
1984	89.8	90.4	16.8	46.6	71.3
1985	91.1	82.2	17.6	52.1	73.4

Source: Economic Research Service, USDA.

Based on commercial vegetable acreage and potato and pulse production, total 1986 output likely was down 13 percent. The 1986 index of prices received by commercial vegetable growers likely will be 2 percent higher than the 128 (1977 = 100) registered in 1985, primarily from higher prices for fresh vegetables. This modest rise should stimulate more fresh vegetable plantings in the first two quarters of 1987.

Most U.S. fresh vegetables are grown domestically, but imports have risen during the past decade. Most of the increase has been between 1980 and 1985, and growth probably will continue as consumers' demand for fresh vegetables rises further. But, the rate of increase in imports likely will be slower.

**Consumption Trends and Outlook**  
 Total 1985 per capita utilization of vegetables—excluding potatoes and sweetpotatoes—was 190.6 pounds, farm-weight basis, compared with 169.0 in 1975. Fresh use totaled 90.8 pounds in 1985 and was 18 percent higher than in 1975. Fresh vegetables were 48 percent of per capita use in 1985. The proportion of fresh to total per capita vegetable use has risen 1 percent per year over the last 10 years.

Per capita use of vegetables for canning has lost out to fresh, primarily due to consumers' negative attitudes about canned vegetables' nutritional value. The 1985 canning use was 82 pounds, farm-weight basis, compared with 85 pounds in 1975. However, the popularity of processing tomatoes increased between 1975 and 1985 and helped to soften canning vegetables' loss.

Vegetables for freezing use have posted 12-percent per year gains over the past 10 years. Increases in the dual-purpose vegetables—broccoli, carrots, and cauliflower for freezing—helped propel this growth. Freezing vegetables are expected to continue popular because of consumers' strong demand for convenience foods.

Per capita use of potatoes in 1985 totaled 125.4 pounds, farm-weight basis, up from 123.4 in 1975. Fresh use rose 12 percent to 52.1 pounds, and its share of total potato use returned to the 1975 level of 42 percent, from 40 percent in 1984.

Strong gains in potatoes for freezing over the past 10 years helped to offset the slight decline in fresh potato use to boost the overall total. Potatoes for freezing accounted for 30 percent of total use in 1975 and 34 percent in 1985. Use of both fresh and freezing potatoes will probably increase as away-from-home consumption grows. (Shannon Reid Hamm (202) 786-1766)

### Worldwide Surplus of Sugar Will Continue

World sugar production is in surplus. In the past, when the surplus has become too burdensome, it has discouraged production. In turn, excess stocks have been consumed and then, when a shortfall has resulted, prices have spiked. Such is the typical sugar cycle.

Is the recent strengthening of world sugar prices the start of a sustained price upswing? The evidence does not seem convincing. Stocks continue to be large and may increase again in 1987/88.

World aggregate sugar consumption has increased at an average rate of only 2 percent a year since 1980/81. During 1981/82-1986/87, annual consumption has averaged 95.7 million tons, compared with 99.5 million of production. The result has been an extraordinary surplus—now at over 22 million tons of sugar—on top of initial stocks. (About 5 million tons of potential consumption were lost during the period to starch-based sweeteners such as high-fructose corn syrup, HFCS.)

The stock buildup is reflected in the drop in world free market prices, from

World Sugar Production, Consumption, & Apparent Ending Stocks: 1975/76 to 1986/87

Crop year 1/	Prod.	Consum.	Apparent
			ending stocks
Million metric tons, raw value			
1975/76	81.7	79.2	21.0
1980/81	88.5	88.5	24.2
1985/86	98.1	97.7	46.4
1986/87 2/	100.1	99.7	46.8

1/ September/August. 2/ Estimated.

U.S. Sugar Supply & Use: Fiscal 1985, 1986, & 1987

Description	1985	1986	1987
	1,000 short tons, raw value		
Beginning stocks 1/	1,611	1,759	1,652
Total production	5,832	6,019	6,350
Total imports	2,707	2,404	1,635
Total supply	10,150	10,182	9,637
Total exports	464	507	430
Total deliveries	8,097	7,820	7,675
Total use 2/	8,391	8,530	8,362
Ending stocks 1/	1,759	1,652	1,275
Million			
Population	238.8	241.0	243.2
Pounds, refined			
Per capita sugar deliveries	63.4	60.7	59.0
Percent			
Ending stocks/total use	21.0	19.4	15.2

1/ Stocks in hands of U.S. primary distributors and CCC.  
 2/ Includes CCC disposal, polyhydric alcohol, refining loss, statistical discrepancy, as well as total deliveries.

## U.S. Use of Noncaloric & Caloric Sweeteners 1980-1986

Year	Noncaloric sweeteners*	Caloric sweeteners	Total
Pounds per capita, dry basis			
1980	7.7	125.0	132.7
1985	18.0	131.2	149.2
1986	18.5	129.5	148.0

\*Sugar-sweeteners equivalent. Assumes saccharin is 300 times as sweet as sugar and aspartame 200 times as sweet. Source: ERS, USDA estimates.

an already low 8.5 cents a pound in 1983 to 5.1 in January-October 1986—prices that cannot cover the cost of production.

Production has continued to grow despite low prices because more than 85 percent of world production is insulated from the free market by preferential trade arrangements, government-administered prices, and other forms of production incentives. There is no evidence that producers are reducing output during 1986/87.

### U.S. Outlook

U.S. sugar production is estimated to be up more than 5 percent in 1986/87 to 6.35 million short tons, raw value. Sugarbeet harvested area is up nearly 8 percent, and even with the damage from prolonged rain in Michigan, beet sugar production is still expected at about 3.2 million tons, raw value, the highest in five seasons. Cane sugar production, estimated at 3.15 million tons, will be the highest in a decade.

Domestic deliveries of sugar for U.S. use in 1986/87 could be down almost 2 percent or 145,000 tons, the result of losses to alternative sweeteners and imported sugar-containing products. Total U.S. sugar use for all categories in 1986/87, including re-exports and a 177,000-ton sale to China, may amount to 8.362 million tons.

**U.S. corn sweetener deliveries** (virtually all for industrial food and beverage use) exceeded sugar deliveries for the first time in 1985. U.S. deliveries of HFCS in 1987 are projected at 5.4 million tons, dry basis, but imports of over 200,000 tons from Canada would put U.S. use at over 5.6 million tons.

### U.S. Imports

U.S. quota imports have dropped from 2.98 million tons in fiscal 1983 (the first full year after quotas were imposed in May 1982) to 1.85 million in

1986. The import quota for 1987 will be just over 1 million tons, down 41 percent from 1986. Reasons for declining U.S. imports include the following:

- U.S. sugar beet acreage is rising, reflecting higher returns than other crops. In the 1985 crop year, returns to management and risk were \$100 an acre for sugarbeets, compared with -\$29 for wheat, -\$39 for cotton, \$44 for barley, and -\$7 for soybeans. For both beet and cane sugar, farm and factory production capacities point to a potential output of 6.6 to 6.8 million tons.
- Alternative sweeteners and the expanding imports of sugar-containing products are reducing U.S. sugar consumption.
- Noncaloric sweeteners appear to be moving beyond complementary use and becoming competitive with sugar and HFCS. Caloric sweetener use fell from an estimated 131 pounds per capita in 1985 to less than 130 pounds in 1986, and a further decline may occur in 1987.

(Robert D. Barry (202) 786-1769)

### Upcoming Economic Reports

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### Farm Finance

#### OUTLOOK FOR FARM SECTOR ASSETS, DEBTS, AND EQUITY

In 1986, the farm sector's asset values and returns to investment dropped, and farmers' debt went down (table 32). For 1987, farm asset values will continue to decline in both nominal and real terms, although at a slower pace than in 1986. Farmers will pay debts down further, but equity in farm assets will continue to erode.

Total farm asset values were likely around \$707 billion on December 31, 1986, compared with \$771 billion on December 31, 1985—the fifth consecutive annual decline. Both real estate and non-real estate asset values contributed to the erosion. As in the preceding 4 years, though, the decline in real estate values was the primary factor behind the drop. Nominal real estate values, which fell nearly 13 percent in 1985, likely skidded another 9 percent in 1986.

During 1987, real estate values could decline 7 percent more. If so, real estate assets would total about \$474 billion on December 31, 1987, a level near that for 1976-77.

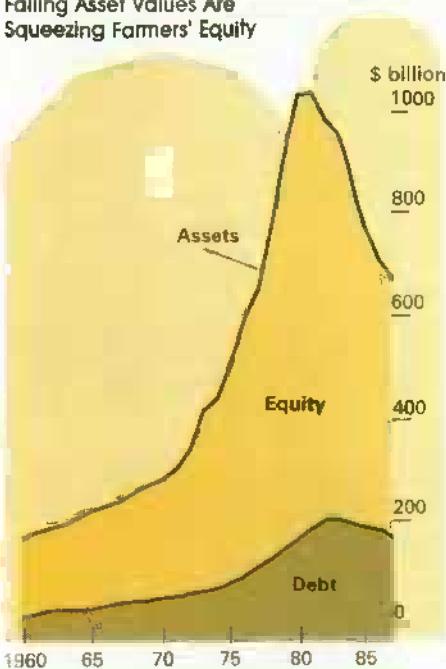
Non-real estate assets likely totaled about \$197 billion on December 31, 1986, a drop of 7 percent from December 31, 1985. This would make the fourth consecutive year that non-real estate assets have fallen.

The non-real estate decline has come from reductions in the number and value of equipment and motor vehicles on farms and from lower livestock and crop inventory values. In 1986, machinery and motor vehicle inventories likely dropped 4 percent and livestock values 2 percent. This would be the seventh straight annual decline in the value of the livestock inventory and the fourth consecutive decline for the value of machinery and motor vehicles.

The largest absolute and percentage decline in non-real estate asset values probably came in crop inventory values (down 22 percent), with about two-thirds of the decline from corn and wheat. For 1987, non-real estate assets are projected to drop by about 1 percent. Crop and machinery inventory values are expected to continue to lose, while livestock values may increase. The gain in livestock values will result from higher prices.

Total farm debt outstanding (excluding households) on December 31, 1986, was likely down about 3 percent, as debts were either repaid or written off by lenders, and as new loan amounts were reduced. This was the fourth year of reduction, adding up to the longest extended downturn in farm borrowing since 1939.

#### Falling Asset Values Are Squeezing Farmers' Equity



#### Farm Sector Cash Flow

Item	Average for period						Year 1986F	1987F
	1970-71	1972-74	1975-79	1980-84	1985			
1982 dollars								
Gross cash income* (including net CCC loans)	128.9	165.7	157.8	152.2	139.8	131.3	127	
Less: expenses excluding interest	75.1	87.4	94.5	90.1	78.2	75.7	72	
Equals: cash flow before interest payments	53.8	78.3	63.3	62.2	61.6	55.6	55	
Less: interest paid	7.6	8.9	12.8	19.6	16.0	13.4	13	
Equals: cash flow after interest payments	46.1	69.3	50.7	42.4	45.6	42.2	43	

\*Excludes inventory adjustment, gross imputed rental value of farm dwellings, and home consumption. F = Forecast.

#### Returns to Farm Production Assets & Equity

Item	Average for period						Year 1986F	1987F
	1970-71	1972-74	1975-79	1980-84	1985	811. 1982 dollars		
811. 1982 dollars								
Gross farm income (excluding operator households)	132.7	170.3	162.4	152.3	139.9	131.4	127	
Return to operator	31.1	50.7	30.1	16.5	23.0	21.6	24	
Return to farm assets & operators' labor & management	43.4	67.5	48.9	42.6	45.7	40.9	42	
Return to farm assets	19.6	41.6	22.8	18.9	25.0	20.2	22	
Return to equity	12.0	32.6	10.2	-0.8	8.9	6.7	9	
Equity in farm assets (Dec. 31 of previous year)	522.5	583.5	720.8	807.2	588.5	505.9	441	
Total farm assets (Dec. 31 of previous year)	637.6	705.8	867.6	994.1	766.4	673.7	598	
Percent								
Return to equity as percentage of equity	2.3	5.6	1.5	-0.1	1.5	1.3	2	
Residual income to assets as percentage of asset value	3.1	5.9	2.7	2.0	3.3	3.0	4	

F = Forecast.

Total net worth in the sector likely fell again in 1986 for the sixth consecutive year, reaching \$520 billion, compared with \$579 billion on December 31, 1985. In nominal dollars this is the lowest owner equity since 1977, and in constant dollars the lowest since the 1960's.

Equity levels are projected to decline again in 1987. The debt-to-asset ratio, which has been steadily rising the past 6 years, is expected to have reached 26 to 27 percent in 1986 and to remain about the same for 1987. This compares with a ratio of 24.9 in 1985 and 18.8 as recently as 1981.

The ratio of debt to net cash income declined in 1986 and will do so again in 1987. This may give farmers more breathing room for debt servicing.

Looking at cash flow in constant dollars suggests that cash flow before interest was down from 1985 in 1986. Likely it will again be in 1987, but it should remain above the level that prevailed before the boom period in the 1970's. Debt service will continue to command a large share of earnings in 1986 and 1987, leaving cash flow after debt service below the early 1970's. Thus, farmers with above-average debt may have continued cash flow difficulties.

Return on assets, 3.3 percent in 1985, likely fell in 1986 as income to assets dropped at a slightly faster pace than asset values. In 1987, the return on assets is projected to be about 3.7 percent, the largest return since the boom of 1972-74. This reflects not only a slight improvement in real income to assets, but a further devaluation in asset values as well. [Jim Johnson (202) 786-1801]

## 1987 FARM INCOME OUTLOOK

Net cash income in 1987 will likely range from \$45 to \$50 billion (table 31). Because of higher subsidies and lower expenses, net cash income in 1982 dollars could be the highest since 1979 and about the same as in 1971. In 1986 and 1985, net cash income was about \$44 billion. Gross cash income likely fell about \$6 billion to \$150 billion in 1986, but cash expenses fell by the same amount. Gross cash income is expected to be about the same in 1987 as in 1986.

Net farm income in 1987 likely will range from \$29 to \$34 billion, compared with \$26 to \$30 billion for 1986. Gross farm income may fall to \$155-\$159 billion, as higher direct payments are outweighed by smaller cash receipts, lower nonmoney and farm-related income, and another drawdown in crop and livestock inventories.

Because of lower gross income in 1986, returns to operators likely fell \$1 to \$2 billion from the \$25.7 billion of 1985. In 1987, with gross income expected to remain near 1986, the continued decline in expenses will likely leave operator income \$3 to \$5 billion above that of 1986.

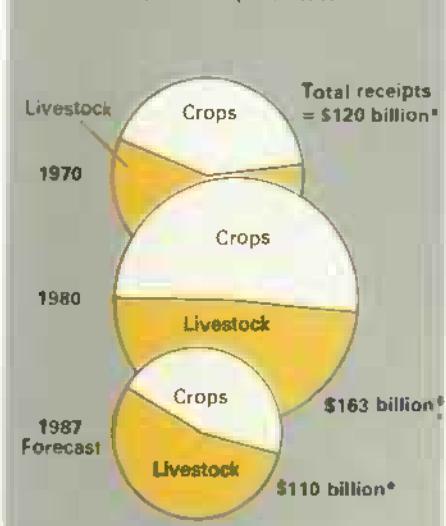
In 1986, net cash flow rose somewhat because of continued strong nominal net cash income and reduced capital expenditures. In 1987, cash flow may keep improving because of higher net cash income. The strong cash income will enable the sector to continue paying down debt.

### Cash Receipts

Cash receipts this year are expected to decline 1 to 3 percent (tables 33, 34). Crop receipts will fall 5 to 7 percent, but those for livestock will rise 1 to 3 percent. A return to trend yields should be more than offset by reduced harvested acreage, leaving 1987 crop production below 1986.

Total cash receipts from 1986 open-market sales and net CCC loans probably fell 6 to 8 percent from 1985's \$142.1 billion. Preliminary data through the third quarter indicate receipts were trailing those of 1985 by about \$9 billion, with all the decline accounted for by crops. Most of the decline will come from commodities under Federal farm programs.

Livestock Sales Will Be Over Half of Farmers' Cash Receipts in 1987



\* In 1982 dollars.

Because of low prices and strong program participation, CCC loans are forecast to contribute 16 to 18 percent of crop receipts in 1987. Net loans accounted for 16 percent of crop receipts in 1985 and are expected to contribute 16 percent again during calendar 1986.

### Government Payments

Direct Government payments<sup>1</sup> (cash and certificates) in 1987 could top \$15 billion, after totaling an estimated \$12 to \$13 billion in 1986. Although cash payments could decline slightly from 1986, the value of certificates issued to satisfy deficiency, diversion, disaster, and conservation reserve obligations could range from \$6 to \$8 billion. The forecast for 1987 payments could move higher if an estimated \$1 billion in advance 1987 crop deficiency and diversion payments is not received by farmers during calendar 1986.

<sup>1</sup> Federal outlays (mainly disbursed through the CCC) include direct payments for deficiency, diversion, disaster, conservation, and storage, plus net CCC price support loans, dairy price support operations, farm export subsidies, P.L. 480, and more. Outlays are reported on a fiscal year basis, whereas direct payments and farm income are by calendar year.

### Farm Production Expenses: 1983-87

Item	1983	1984	1985	1986F	1987F
Percent change from a year earlier					
Farm origin items	6.6	-2.2	-2.6	-2	-2
Manufactured inputs	-6.1	3.0	-2.9	-12	-9
Interest charges	-1.8	-1.4	-11.5	-14	-3
Repairs, labor, machine hire	-4.2	4.0	0.6	1	1
Other items*	-1.5	4.2	-3.9	-4	-3
Total expenses	-0.8	1.6	-4.0	-5	-3
Cash expenses	-0.6	2.3	-3.0	-5	-3

F = Forecast. \*Includes depreciation, taxes, and net rent.

The distribution of payments by State for 1986 and in 1987 is expected to be similar to 1985. In 1985, the top ten States received 63 percent of the total, with the leader, Texas, receiving 11 percent. Mostly because of cotton programs, Texas has been the leading recipient of direct subsidies every year since 1978.

The top ten States have received 60-70 percent of all payments during the past few years. Predictably, four of the top ten in 1985 were major producers of feed grains (Iowa, Nebraska, Illinois, and Minnesota) and three were wheat States (North Dakota, Kansas, and Oklahoma).

#### Production Expenses

Most major expense categories fell in 1986 and are expected to fall again in 1987 (table 35). Total farm production expenses will likely decline about 3 percent in 1987, compared with 5 percent in 1986. The 1986 drop was the largest year-to-year decline since 1953:

Fertilizer prices probably fell 8 percent in 1986, and they are forecast to fall a similar amount in 1987. Most of the decline in 1987 will likely come from nitrogen materials, as natural gas prices fall and a large supply of urea remains available. With acres planted off by 4 percent in 1986 and 5 percent or more in 1987, fertilizer outlays may fall 12 to 14 percent for each of the 2 years. This means that in 1987, fertilizer expenses could total \$2 billion lower than in 1985.

Outlays for pesticides likely fell 4 to 6 percent in 1986 and are projected to fall 7 to 9 percent in 1987. In both years, the drop is largely the result of fewer treated acres.

In 1987, expenses for inputs originating on farms are forecast to fall 1 to 3 percent, as rising purchases of livestock (up 5 to 7 percent) are outweighed by declines in feed expenses (down 4 to 7 percent). Lower grain prices will be responsible for most of the fall in feed expenses, while reduced planted area, especially for feed grains, will be the major factor affecting seed outlays.

In 1986, outlays for inputs of farm origin likely fell 1 to 3 percent, as higher outlays for purchased livestock outweighed reductions in feed and seed expenses. Prices farmers paid for feed and feed mixtures fell 7 percent, seed prices dropped 3 percent as major items such as hybrid corn seed dropped, and feeder livestock prices (although trending upward throughout the year) fell 1 percent.

Non-real estate interest fell in 1986, probably by 15 to 18 percent, as average non-real estate debt outstanding (excluding CCC debt) fell 8 to 10 percent and the average rate on that outstanding debt declined 7 to 9 percent. In 1987, average debt outstanding could fall 4 to 7 percent. However, the average interest rate on non-real estate debt is expected to rise slightly. This could leave non-real estate interest expenses down 2 to 5 percent.

Mortgage interest expenses are expected to fall about a tenth in 1986, due about equally to decreasing average debt outstanding and lower average interest rates. In 1987, continued declines in debt outstanding are forecast to outweigh slightly higher average interest rates, leaving mortgage interest expenses down 1 to 4 percent.

#### Upcoming Releases from the Agricultural Statistics Board

The following list gives the release dates of the major Agricultural Statistics Board reports that will be issued by the time the March *Agricultural Outlook* comes off press.

#### January

- 5 Egg Products
- 6 Celery
- Dairy Products
- 7 Poultry Slaughter
- 9 Vegetables
- 12 Crop Production
- 13 Turkey Hatchery
- 14 Potato Stocks
- Turkeys
- Milk Production
- Noncitrus Fruits & Nuts-Annual
- 15 Crop Production - Annual
- Winter Wheat & Rye Seedlings
- Grain Stocks
- Rice Stocks
- 20 Catfish
- 23 Cold Storage
- Cattle on Feed
- Livestock Slaughter
- 27 Peanut Stocks & Processing
- Honey
- 28 Crop Values
- 29 Eggs, Chickens, & Turkeys Layers & Egg Prod.-Annual
- 30 Agricultural Prices

#### February

- 3 Dairy Products
- 4 Cattle
- Egg Products
- 5 Poultry Slaughter
- 6 Celery
- 9 Crop Production
- Sheep & Goats
- 12 Turkey Hatchery
- Farm Labor
- 13 Potato Stocks
- Milk Production
- Cattle on Feed
- 17 Sugar Market Statistics
- 20 Catfish
- Cold Storage
- Livestock Slaughter
- 25 Eggs, Chickens, & Turkeys
- 27 Peanut Stocks & Processing
- Agricultural Prices

# Statistical Indicators

## Summary Data

Table 1.—Key statistical indicators of the food and fiber sector

	1985			1986			1987		
	Annual	I	II	III	IV F	Annual F	I F	II F	III F
Prices received by farmers (1977=100)	128	123	122	124	123	123	122	123	122
Livestock & products	136	133	130	146	145	139	144	145	147
Crops	120	112	112	101	101	102	98	100	97
Prices paid by farmers, (1977=100)									
Prod. items	151	149	146	145	143	146	142	142	142
Commodities & services, int., taxes, & wages	163	163	161	161	160	161	160	160	161
Cash receipts (\$ bil.) 1/	142	129	128	129	142	132	126	127	—
Livestock (\$ bil.)	69	66	67	76	75	71	70	71	—
Crops (\$ bil.)	73	63	61	53	67	61	57	55	—
Market basket (1967=100)									
Retail cost	283	285	284	292	292	288	—	—	—
Farm value	238	226	222	242	237	232	—	—	—
Spread	309	319	321	316	320	319	—	—	—
Farm value/retail cost (%)	31	30	30	32	32	31	—	—	—
Retail prices (1967=100)									
Food	310	315	317	322	323	319	—	—	—
At home	297	302	302	308	308	305	—	—	—
Away-from home	347	354	359	362	366	360	—	—	—
Agricultural exports (\$ bil.) 2/	31.2	7.4	5.7	5.5	7.7	26.3	7.1	5.8	5.4
Agricultural imports (\$ bil.) 2/	19.7	5.6	5.4	5.0	5.1	20.9	5.3	5.0	4.6
Production:									
Red meats (mil. lb.)	39,136	9,551	10,021	9,722	9,522	38,816	9,232	9,228	9,153
Poultry (mil. lb.)	16,871	4,107	4,536	4,684	4,535	17,862	4,445	4,845	5,035
Eggs (mil. doz.)	5,688	1,422	1,419	1,413	1,450	5,704	1,440	1,435	1,430
Milk (bil. lb.)	143.7	36.2	38.5	35.9	34.2	144.9	35.1	37.5	35.3
Consumption, per capita:									
Red meats and poultry (lbs)	214.6	51.9	54.1	53.9	54.4	214.3	51.5	52.9	52.9
Corn beginning stocks (mil. bu.) 3/	1,648.2	8,614.7	6,587.1	4,988.5	4,038.1	4,038.1	—	—	—
Corn use (mil. bu.) 3/	6,485.7	2,028.9	1,600.9	956.4	—	6,475.0	—	—	—
Prices 4/									
Choice steers—Omaha (\$/cwt)	58.37	57.22	54.52	58.91	61-62	58-59	61-65	63-69	62-68
Barrows and gilts—7 mts. (\$/cwt)	44.77	43.30	47.23	61.13	54-55	51-52	54-58	53-59	55-61
Broilers—12-city (cts./lb.)	50.8	50.3	54.3	66.6	57-58	57-58	51-55	51-57	50-56
Eggs—NY Gr. A large (cts./doz.)	66.5	74.2	63.4	72.8	73-74	71-72	66-70	61-67	65-71
Milk—all at plant (\$/cwt.)	12.73	12.37	11.97	12.30	13.15—	12.45—	12.25—	11.65—	11.85—
Wheat—Kansas City HRW (\$/bu.)	3.40	3.35	3.22	2.50	—	—	—	—	—
Corn—Chicago (\$/bu.)	2.65	2.48	2.51	1.72	—	—	—	—	—
Soybeans—Chicago (\$/bu.)	5.55	5.34	5.32	4.90	—	—	—	—	—
Cotton—Avg. spot mkt. (cts./lb.)	58.5	60.0	63.9	42.0	—	—	—	—	—
	1979	1980	1981	1982	1983	1984	1985	1986 F	1987 F
Gross cash income (\$ bil.)	135.1	143.3	146.0	150.6	150.2	154.9	156.2	150	150
Gross cash expenses (\$ bil.)	101.7	109.1	113.2	113.8	113.0	115.6	112.1	106	103
Net cash income (\$ bil.)	33.4	34.2	32.8	36.8	37.1	39.3	44.0	44	48
Net farm income	27.4	16.1	26.9	22.7	13.0	32.7	30.5	28	32
Farm real estate values (1977=100)	125	145	158	157	148	146	128	112	—

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Dec.-Feb. first quarter; Mar.-May second quarter; June-Aug. third quarter; Sept.-Nov. fourth quarter; feed year annual. Use includes exports and domestic disappearance. 4/ Simple averages. F = Forecast.

## U.S. and Foreign Economic Data

Table 2.—U.S. gross national product and related data

	Annual		1985		1986			
	1983	1984	1985	III	IV	I	II	
	\$ Bill. (Quarterly data seasonally adjusted at annual rates)							
Gross national product	3,405.7	3,765.0	3,998.1	4,030.5	4,087.7	4,149.2	4,175.6	4,241.1
Personal consumption expenditures	2,234.5	2,428.2	2,600.5	2,627.1	2,667.9	2,697.9	2,732.0	2,795.9
Durable goods	289.1	331.2	359.3	373.3	362.0	360.8	373.9	410.7
Nondurable goods	816.7	870.1	905.1	907.4	922.6	929.7	928.4	932.2
Clothing & shoes	135.1	147.2	155.2	155.4	158.7	161.3	165.0	166.6
Food & beverages	421.9	449.9	469.3	470.4	477.4	484.6	490.3	493.2
Services	1,128.7	1,227.0	1,336.1	1,346.4	1,383.2	1,407.4	1,429.8	1,453.0
Gross private domestic investment	502.3	662.1	661.1	657.4	669.5	708.3	687.3	674.8
Fixed investment	509.4	598.0	650.0	654.3	672.6	664.4	672.8	682.8
Change in business inventories	-7.1	64.1	11.1	3.1	-3.1	43.8	14.5	-8.0
Net exports of goods & services	-6.1	-58.7	-78.9	-83.7	-105.3	-93.7	-104.5	-108.2
Government purchases of goods & services	675.0	733.4	815.4	829.7	855.6	836.7	860.8	878.5
1982 \$ Bill. (Quarterly data seasonally adjusted at annual rates)								
Gross national product	3,279.1	3,489.9	3,585.2	3,603.8	3,622.3	3,655.9	3,661.4	3,687.3
Personal consumption expenditures	2,146.0	2,246.3	2,324.5	2,342.0	2,351.7	2,372.7	2,408.4	2,446.8
Durable goods	283.1	318.9	343.9	357.4	347.0	345.4	357.1	388.2
Nondurable goods	800.2	828.6	841.6	843.8	847.2	860.6	877.3	874.8
Clothing & shoes	132.7	142.7	146.0	146.5	147.5	152.4	157.1	157.7
Food & beverages	414.3	424.2	433.4	435.3	435.1	441.1	444.2	437.2
Services	1,062.7	1,098.7	1,139.0	1,140.8	1,157.5	1,166.6	1,174.0	1,183.8
Gross private domestic investment	504.0	652.0	647.7	643.8	653.2	684.0	664.7	648.1
Fixed investment	510.4	592.8	638.6	643.1	658.4	644.1	649.6	653.9
Change in business inventories	-6.4	59.2	9.0	0.7	-5.2	39.9	15.1	-5.7
Net exports of goods & services	-19.9	-83.6	-108.2	-113.8	-132.0	-125.9	-153.9	-163.6
Government purchases of goods & services	649.0	675.2	721.2	731.8	749.4	725.2	742.2	756.0
GNP Implicit price deflator	3.9	3.8	3.3	2.5	3.6	2.5	1.8	3.6
% change								
Disposable personal income (\$bill.)	2,428.1	2,670.6	2,828.0	2,832.0	2,882.2	2,935.1	2,978.5	2,982.7
Disposable per. Income (1982 \$bill.)	2,331.9	2,470.6	2,528.0	2,524.7	2,540.7	2,581.2	2,625.7	2,610.3
Per capita disposable per. income (\$)	10,340	11,265	11,817	11,819	11,999	12,193	12,348	12,336
Per capita dis. per. Income (1982 \$)	9,930	10,421	10,563	10,537	10,577	10,723	10,886	10,796
U.S. population, total, incl. military abroad (mill.)	234.8	237.1	239.3	239.6	240.2	240.7	241.2	241.8
Civilian population (mil.)	232.6	234.8	237.0	237.2	237.9	238.4	239.0	239.4
	Annual		1985		1986			
	1983	1984	1985	Oct	July	Aug	Sept	Oct r
Monthly data seasonally adjusted								
Industrial production (1977=100)	109.2	121.4	123.8	123.8	124.9	125.1	125.2	125.2
Leading economic indicators (1967=100)	156.0	165.8	169.1	171.6	179.4	179.1	179.5	180.5
Civilian employment (mil. persons)	100.8	105.0	107.2	107.8	109.9	110.2	109.9	110.2
Civilian unemployment rate (%)	9.6	7.5	7.2	7.1	6.9	6.8	7.0	7.0
Personal income (\$ bil. annual rate)	2,838.6	3,110.2	3,314.5	3,358.3	3,492.9	3,500.5	3,511.6	3,524.3
Money stock-M2 (daily avg.) (\$bil.) 1/	2,188.8	2,373.7	2,565.8	2,558.9	2,698.9	2,723.7	2,739.9	2,763.9
Three-month Treasury bill rate (%)	8.63	9.58	7.48	7.17	5.84	5.57	5.19	5.18
Aaa corporate bond yield (Moody's) (%)	12.04	12.71	11.37	11.02	8.88	8.72	8.89	8.86
Housing starts (thou.) 2/	1,703	1,750	1,742	1,784	1,782	1,795	1,652	1,648
Auto sales at retail, total (mil.)	9.2	10.4	11.0	9.6	10.7	12.7	16.1	10.3
Business inventory/sales ratio	1.38	1.34	1.37	1.37	1.38	1.37	1.33	—
Sales of all retail stores (\$ bil.)	97.9	107.8	114.5	114.9	119.8	121.5	128.0 p	121.6
Nondurable goods stores (\$ bil.)	64.8	68.9	71.6	72.4	73.5	73.6	73.5 p	73.7
Food stores (\$ bil.)	21.2	22.5	23.5	23.8	24.5	24.3	24.5 p	24.6
Eating & drinking places (\$ bil.)	9.6	10.4	10.9	11.0	11.8	12.0	11.9 p	12.0
Apparel & accessory stores (\$ bil.)	5.0	5.4	5.8	5.9	6.3	6.4	6.3 p	6.4

1/ Annual data as of December of the year listed. 2/ Private, including farm. p = preliminary. r = revised.

Information contact: James Malley (202) 786-1283.

Table 3.—Foreign economic growth, inflation, and export earnings<sup>1,2</sup>

	Average 1970-74	Average 1975-79	1980	1981	1982	1983	1984	1985	1986 est.
	Annual percent change								
Total foreign									
Real GNP	5.5	3.7	2.6	1.6	1.7	2.0	3.2	2.9	2.5
CPI	10.2	14.0	16.7	15.8	14.4	18.7	21.0	21.1	11.0
Export earnings	27.5	14.6	22.6	-2.2	-7.0	-2.6	9.5	2.7	—
Developed less U.S.									
Real GNP	4.8	3.1	2.3	1.3	1.1	1.9	3.5	3.0	2.4
CPI	8.4	9.4	10.9	9.6	8.1	6.1	5.1	4.7	2.6
Export earnings	23.9	14.9	17.0	-3.3	-4.2	-0.5	6.1	4.9	—
Centrally planned									
Real GNP	5.1	3.5	1.5	2.1	2.7	3.4	3.7	3.0	3.4
Export earnings	19.4	16.1	16.5	3.4	6.0	8.2	1.5	-5.1	—
Latin America									
Real GNP	7.4	5.1	5.3	0.7	-0.5	-2.7	3.2	3.6	2.7
CPI	23.5	53.7	61.3	64.9	72.6	126.2	174.3	179.6	85.0
Export earnings	28.1	12.8	30.1	4.8	-10.0	0.0	6.7	-5.6	—
Africa & Middle East									
Real GNP	8.9	6.4	1.3	0.0	1.4	0.1	0.2	0.7	-1.1
CPI	8.7	16.4	22.1	19.7	12.0	19.0	5.9	4.7	8.3
Export earnings	49.6	43.2	38.5	-7.0	-19.8	-17.5	-7.7	-7.7	—
Asia									
Real GNP	6.0	6.8	6.3	6.6	3.6	6.6	5.6	3.3	4.1
CPI	15.0	8.4	16.4	14.1	7.3	7.7	5.6	6.4	5.2
Export earnings	30.1	19.4	27.3	4.9	-0.6	3.8	13.8	7.3	—

Information contact: Edward Wilson (202) 706-1688.

## Farm Prices

Table 4.—Indexes of prices received and paid by farmers, U.S. average

	Annual			1985			1986			
	1983	1984	1985	Nov	June	July	Aug	Sept	Oct r	Nov p
1977=100										
Prices received										
All farm products	135	142	128	127	121	125	125	122	121	125
All crops	128	139	121	114	109	105	101	97	97	103
Food grains	148	144	133	134	100	91	90	91	92	95
Feed grains & hay	143	145	122	109	110	97	87	77	76	79
Feed grains	146	148	122	108	110	96	84	73	72	76
Cotton	104	108	92	93	93	97	78	78	78	91
Tobacco	155	153	154	146	141	141	128	136	130	131
Oil-bearing crops	102	109	84	76	78	77	78	75	72	76
Fruit, all	128	202	183	189	177	165	179	173	182	191
Commercial vegetables	123	220	196	202	189	175	193	184	193	205
Fresh market	130	135	128	133	115	117	122	129	130	150
Potatoes & dry beans	129	133	122	127	106	108	114	123	122	152
Livestock & products	123	157	125	91	123	168	148	111	113	124
Meat animals	141	146	136	138	133	143	149	146	145	145
Dairy products	147	151	142	143	141	152	157	155	150	151
Poultry & eggs	140	139	131	130	123	124	126	131	135	138
Prices paid										
Commodities & services,										
Interest, taxes, & wage rates	161	164	163	162	—	161	—	—	160	—
Production items	153	155	151	149	—	145	—	—	143	—
Feed	134	135	116	110	—	107	—	—	98	—
Feeder livestock	160	154	154	150	—	154	—	—	160	—
Seed	141	151	153	154	—	146	—	—	146	—
Fertilizer	137	143	135	130	—	125	—	—	116	—
Agricultural chemicals	125	128	128	128	—	126	—	—	126	—
Fuels & energy	202	201	201	205	—	155	—	—	154	—
Farm & motor supplies	152	147	146	144	—	144	—	—	143	—
Autos & trucks	170	182	193	199	—	197	—	—	199	—
Tractors & self-propelled machinery	174	181	178	174	—	175	—	—	172	—
Other machinery	171	180	183	184	—	184	—	—	184	—
Building & fencing	138	138	136	135	—	136	—	—	136	—
Farm services & cash rent	146	149	150	152	—	153	—	—	153	—
Interest payable per acre on farm real estate debt	250	255	242	250	—	237	—	—	237	—
Taxes payable per acre on farm real estate	129	132	133	135	—	136	—	—	136	—
Wage rates (seasonally adjusted)	148	151	154	150	—	166	—	—	166	—
Production items, interest, taxes, & wage rates	159	161	157	155	—	153	—	—	152	—
Ratio, prices received to prices paid 2/	84	86	79	78	75	78	78	76	76	78
Prices received (1910-14=100)	615	650	586	578	554	569	573	558	554	570
Prices paid, etc. (Parity index) (1910-14=100)	1,105	1,130	1,121	1,116	—	1,109	—	—	1,103	—
Parity ratio (1910-14=100) 2/	56	58	52	52	—	50	—	—	50	—

1/ Fresh market for noncitrus; fresh market and processing for citrus. 2/ Ratio of index of prices received for all farm products to index of prices paid for commodities and services, interest, taxes, and wage rates. Ratio derived using the most recent prices paid index. Prices paid data will be published in January, April, July, and October. p = preliminary. r = revised.

Information contact: National Agricultural Statistics Service (202) 447-5446.

Table 5.—Prices received by farmers, U.S. average

	Annual*			1985		1986					
	1983	1984	1985	Nov	June	July	Aug	Sept	Oct r	Nov p	
<b>Crops</b>											
All wheat (\$/bu.)	3.58	3.46	3.20	3.23	2.48	2.25	2.26	2.28	2.30	2.37	
Rice, rough (\$/cwt.)	8.31	8.32	7.85	7.84	4.83	4.47	3.82	3.82	3.90	3.98	
Corn (\$/bu.)	2.99	3.05	2.49	2.21	2.32	2.00	1.73	1.44	1.40	1.47	
Sorghum (\$/cwt.)	4.89	4.60	3.98	3.47	3.39	3.00	2.65	2.36	2.35	2.44	
All hay, baled (\$/ton)	73.66	75.38	70.05	66.00	62.40	58.70	58.30	58.40	57.40	56.50	
Soybeans (\$/bu.)	6.73	7.02	5.42	4.92	5.19	5.11	4.98	4.86	4.55	4.77	
Cotton, Upland (cts./lb.)	62.9	65.6	55.9	56.5	56.4	58.6	47.2	47.4	47.1	54.9	
Potatoes (\$/cwt.)	5.82	5.69	3.91	3.46	4.98	7.21	6.25	4.50	4.27	4.70	
Lettuce (\$/cwt.) 1/	12.43	10.70	12.20	13.00	9.12	8.57	10.40	12.60	8.31	14.90	
Tomatoes (\$/cwt.)	26.48	27.93	28.63	32.20	19.80	20.20	20.20	20.80	30.00	36.00	
Onions (\$/cwt.)	9.56	13.56	9.33	6.97	10.90	11.10	9.70	9.25	10.40	12.40	
Dry edible beans (\$/cwt.)	22.40	18.70	17.80	17.50	17.30	17.30	16.90	15.40	20.60	22.10	
Apples for fresh use (cts./lb.)	14.8	15.5	17.1	17.5	24.2	25.4	26.8	22.3	20.1	18.5	
Pears for fresh use (\$/ton)	216.00	300.00	348.00	303.00	838.00	280.00	341.00	341.00	419.00	396.00	
Oranges, all uses (\$/box) 2/	4.15	5.95	7.97	6.01	4.44	3.41	4.03	4.34	4.47	6.58	
Grapefruit, all uses (\$/box) 2/	1.79	2.68	3.77	4.25	5.54	5.94	6.76	6.63	6.29	4.19	
<b>Livestock</b>											
Beef cattle (\$/cwt.)	55.83	57.56	53.96	54.70	50.10	52.90	54.40	54.60	54.40	54.70	
Calves (\$/cwt.)	62.12	60.23	62.42	61.40	58.10	59.40	61.10	63.40	62.70	62.20	
Hogs (\$/cwt.)	46.23	47.61	43.88	43.20	52.60	59.00	62.10	58.30	53.10	52.90	
Lambs (\$/cwt.)	55.48	60.33	68.08	66.00	74.00	71.90	69.50	67.60	62.50	67.10	
All milk, sold to plants (\$/cwt.)	13.57	13.45	12.73	12.60	11.90	12.00	12.20	12.70	13.10	13.40	
Milk, manuf. grade (\$/cwt.)	12.63	12.54	11.78	11.80	10.90	10.90	11.20	11.70	12.10	12.30	
Broilers (cts./lb.)	29.3	33.2	30.2	31.7	34.0	42.4	45.9	37.8	40.7	34.9	
Eggs (cts./doz.) 3/	63.1	70.3	57.4	66.4	50.5	58.6	62.6	62.8	58.1	66.3	
Turkeys (cts./lb.)	36.5	46.6	47.2	58.4	46.1	49.3	50.8	51.2	52.6	51.5	
Wool (cts./lb.) 4/	61.5	76.5	62.6	58.5	73.5	70.7	68.8	72.1	68.2	62.3	

1/ Due to program modifications, 1983 data not comparable with 1984 and 1985. 2/ Equivalent on-tree returns. 3/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail. 4/ Average local market price, excluding incentive payments. \*Calendar year averages, except for potatoes, dry edible beans, apples, oranges, and grapefruit, which are crop years. p = preliminary. r = revised.

Information contact: National Agricultural Statistics Service (202) 447-5446.

## Producer and Consumer Prices

Table 6.—Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)

	Annual	1985		1986						1987=100
		1985	Oct	Mar	Apr	May	June	July	Aug	Sept
<b>Consumer price index, all items</b>										
Consumer price index, less food	323.3	327.4	326.6	325.7	326.7	328.6	328.0	328.1	330.0	330.2
All food	309.8	309.8	315.4	316.1	317.0	317.1	320.1	322.7	323.2	323.7
Food away from home	346.6	350.3	355.5	357.0	358.8	360.2	360.8	361.8	363.3	364.0
Food at home	296.8	295.3	301.2	301.5	302.1	301.6	305.5	308.9	309.0	309.5
Meats 1/	265.5	261.2	266.6	262.3	262.1	264.4	272.9	279.8	283.6	283.9
Beef & veal	269.7	263.2	271.3	266.0	264.9	264.9	267.6	270.9	272.4	273.8
Pork	253.1	249.9	253.4	249.9	250.0	257.0	278.0	292.6	300.1	298.0
Poultry	216.4	214.3	218.2	215.7	218.7	223.7	240.3	255.0	249.5	247.8
Fish	405.9	407.9	435.6	437.0	437.1	434.5	447.3	446.3	447.2	451.6
Eggs	174.3	187.4	190.8	188.8	173.7	166.9	175.2	192.9	186.0	186.2
Dairy products 2/	258.0	257.1	256.8	256.8	257.1	257.2	258.4	258.3	258.5	260.0
Fats & oils 3/	294.4	291.2	290.2	288.5	287.2	287.0	287.3	287.8	285.6	284.6
Fresh fruit	361.8	358.5	352.0	367.9	385.5	372.4	382.2	391.5	384.1	375.1
Processed fruit 4/	168.2	168.7	164.9	163.8	163.5	161.4	161.8	162.3	161.9	162.0
Fresh vegetables	317.5	288.1	309.0	333.7	343.7	326.2	325.0	321.9	321.0	328.8
Potatoes	324.6	260.0	261.9	267.4	279.6	317.3	356.0	357.9	335.4	323.4
Processed vegetables 4/	147.7	147.5	147.2	147.5	147.4	148.0	148.4	148.5	146.9	146.2
Cereals & bakery products 4/	317.0	318.9	322.7	322.5	323.8	326.1	326.3	328.2	328.5	328.4
Sugar & sweets	398.8	402.6	408.4	411.4	411.2	411.5	412.4	413.1	413.7	413.4
Beverages, nonalcoholic	451.7	454.1	488.0	487.4	481.9	480.0	478.3	476.9	475.7	477.5
Apparel commodities less footwear	188.1	194.0	187.5	188.4	187.2	184.8	183.3	188.1	194.0	194.6
Footwear	212.1	212.3	210.1	211.4	211.5	210.0	209.1	209.6	212.0	215.1
Tobacco products	328.5	334.4	345.6	346.5	346.5	347.1	354.3	356.2	356.8	357.2
Beverages, alcoholic	229.5	236.4	238.8	239.5	239.4	240.1	240.4	240.1	240.4	240.6

1/ Beef, veal, lamb, pork, and processed meat. 2/ Includes butter. 3/ Excludes butter. 4/ December 1977 = 100.

Information contact: Ralph Parlett (202) 786-1870.

Table 7.—Producer price indexes, U.S. average (not seasonally adjusted)

	Annual				1985		1986					
	1983	1984	1985 r	Oct	May	June r	July	Aug	Sept	Oct		
1967=100												
Finished goods 1/	285.2	291.1	293.7	294.7	288.9	289.3	288.0	288.3	287.5	287.5	290.5	
Consumer foods	261.8	273.3	271.2	268.2	274.8	275.1	280.7	283.6	282.2	282.2	282.9	
Fresh fruit	252.0	253.0	256.1	244.4	270.9	271.6	284.6	244.8	238.3	281.6		
Fresh & dried vegetables	248.9	278.3	245.1	206.4	256.6	232.7	238.7	237.8	243.6	249.6		
Dried fruit	409.9	386.6	363.5	374.7	371.6	374.0	371.3	387.4	383.7	383.8		
Canned fruit & juice	286.8	312.4	323.1	321.1	315.2	316.9	316.0	317.4	311.9	310.9		
Frozen fruit & juice	301.8	351.0	362.3	351.0	308.7	309.3	312.1	311.0	310.5	316.3		
Fresh veg. excl. potatoes	210.0	219.1	205.9	178.1	238.7	186.8	191.7	184.8	202.4	204.3		
Canned veg. and juices	247.1	252.6	246.9	243.6	244.6	250.3	246.4	244.5	248.9	243.2		
Frozen vegetables	283.6	291.0	298.4	299.5	298.9	299.5	298.7	298.2	298.1	297.9		
Potatoes	319.8	397.7	304.3	237.7	259.6	335.4	352.6	367.1	350.8	353.3		
Eggs	n.a.	210.8	171.0	191.1	162.1	149.0	167.3	191.4	181.1	173.5		
Bakery products	285.9	299.1	313.7	318.6	320.4	321.6	322.0	323.2	323.4	323.0		
Meats	236.4	236.8	227.9	225.1	225.5	227.7	242.3	253.2	251.4	246.4		
Beef & veal	236.3	237.1	221.3	215.9	213.6	208.0	216.0	221.4	219.7	221.0		
Pork	227.5	226.5	223.8	226.5	229.8	245.5	272.2	297.5	290.3	272.1		
Processed poultry	185.3	206.0	197.3	199.8	192.5	201.9	226.8	246.0	220.4	232.9		
Fish	445.2	476.0	484.2	465.7	513.5	522.9	516.6	528.7	534.8	533.6		
Dairy products	250.6	251.7	249.4	246.0	246.9	247.0	247.8	249.6	250.6	251.8		
Processed fruits & vegetables	277.4	294.3	296.3	293.3	286.3	289.2	287.6	290.3	289.0	287.0		
Shortening & cooking oils	254.7	311.6	290.6	264.2	242.8	239.9	238.8	233.3	231.0	234.0		
Consumer finished goods less foods	291.4	294.1	297.3	299.4	284.0	284.4	278.8	278.0	278.1	281.0		
Beverages, alcoholic	205.0	209.8	213.0	215.6	218.7	217.9	217.8	218.6	216.6	218.7		
Soft drinks	327.4	340.2	343.6	341.9	351.3	349.2	349.6	347.4	349.3	351.3		
Apparel	197.4	201.3	204.1	204.8	206.8	206.7	206.9	206.5	206.7	207.0		
Footwear	250.1	251.7	256.7	259.0	261.7	260.7	261.4	262.2	261.9	263.5		
Tobacco products	365.4	398.4	428.1	435.1	451.7	451.7	467.1	468.1	469.2	469.3		
Intermediate materials 2/	312.3	320.0	318.7	317.6	306.7	306.8	305.0	304.5	306.1	304.9		
Materials for food manufacturing	258.4	271.1	258.8	252.3	248.7	247.9	251.6	255.7	254.3	253.2		
Flour	186.2	185.2	183.0	180.4	188.6	175.9	166.3	165.4	162.4	164.6		
Refined sugar 3/	172.1	173.5	165.6	163.8	165.1	164.9	165.0	167.1	167.8	168.3		
Crude vegetable oils	194.2	262.2	219.6	181.3	142.6	138.7	132.8	123.0	123.6	121.3		
Crude materials 4/	323.6	330.8	306.1	297.8	279.4	276.9	278.0	275.5	275.5	276.7		
Foodstuffs & feedstuffs	252.2	259.5	235.0	224.6	229.9	227.1	233.6	236.3	231.9	233.7		
Fruits & vegetables 5/	262.1	278.1	260.5	235.8	274.3	260.7	270.2	251.3	251.6	275.1		
Grains	240.4	239.7	202.8	176.3	199.6	182.2	152.3	138.9	132.6	134.9		
Livestock	243.1	251.8	229.9	227.3	229.2	225.1	243.0	250.7	250.9	245.1		
Poultry, live	206.5	240.6	226.2	225.2	218.3	236.6	296.7	340.0	279.5	314.0		
Fibers, plant & animal	227.0	228.4	197.8	191.3	215.5	219.5	220.6	94.3	107.9	150.8		
Fluid milk	282.0	278.3	264.6	256.0	249.2	250.1	251.3	256.2	258.6	266.6		
Oilseeds	245.3	253.3	202.7	175.7	201.0	202.2	198.0	183.5	187.2	183.6		
Tobacco, leaf	274.2	274.6	274.1	275.9	248.4	248.4	248.4	225.5	239.6	229.1		
Sugar, raw cane	315.9	312.0	291.3	273.3	288.8	293.8	293.7	292.9	293.2	297.0		
All commodities	303.1	310.3	308.7	307.9	299.2	299.0	297.7	297.2	297.7	298.3		
Industrial commodities	315.7	322.6	323.8	324.2	311.6	311.8	308.5	307.7	308.8	309.3		
All foods 6/	257.5	269.2	264.6	260.2	265.4	265.4	270.9	273.9	272.2	273.0		
Farm products &												
processed foods & feeds	253.9	262.4	250.5	245.1	250.8	249.8	255.6	256.2	254.6	255.4		
Farm products	248.2	255.8	230.5	219.9	227.0	222.6	228.1	224.5	221.7	225.4		
Processed foods & feeds 6/	255.9	265.0	260.4	257.8	262.3	263.2	267.0	269.9	269.0	268.2		
Cereal & bakery products	261.0	270.5	279.9	282.8	283.1	281.9	281.6	281.7	280.8	280.7		
Sugar & confectionery	292.8	301.2	291.0	286.1	294.0	294.9	296.4	297.8	297.9	298.7		
Beverages	263.6	273.1	276.6	276.5	297.8	296.8	296.2	292.1	292.0	293.1		

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. (Dec. 1977 = 100). 4/ Products entering market for the first time which have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). (1977 = 100). r = revised.

n.a. = not available.

Information contact: Bureau of Labor Statistics (202) 523-1913.

# Farm-Retail Price Spreads

Table 8.—Farm-retail price spreads

	Annual				1985		1986					
	1982	1983	1984	1985	Oct	May	June	July	Aug	Sept	Oct	
Market basket 1/												
Retail cost (1967=100)	266.4	268.7	279.3	282.6	280.5	284.5	284.6	288.9	292.9	293.1	293.3	
Farm value (1967=100)	247.8	242.3	255.4	237.1	225.8	224.4	224.9	239.2	247.3	245.9	244.9	
Farm-retail spread (1967=100)	277.4	284.3	293.3	309.3	312.7	319.9	319.7	318.0	319.7	320.8	321.8	
Farm value/retail cost (%)	34.4	33.4	33.9	31.1	29.8	29.2	29.3	30.7	31.3	31.1	30.9	
Meat products												
Retail cost (1967=100)	270.3	267.2	268.1	265.5	261.2	262.1	264.4	272.9	279.8	283.6	283.9	
Farm value (1967=100)	251.3	235.8	241.5	221.8	209.5	210.0	219.3	237.4	249.0	252.8	240.9	
Farm-retail spread (1967=100)	292.4	304.0	299.1	316.6	321.8	323.2	317.2	314.5	315.8	319.7	334.2	
Farm value/retail cost (%)	50.2	47.6	48.6	45.1	43.3	43.2	44.7	46.9	48.0	48.1	45.8	
Dairy products												
Retail cost (1967=100)	247.0	250.0	253.2	258.0	257.1	257.1	257.2	258.4	258.3	258.5	260.0	
Farm value (1967=100)	261.9	262.1	258.8	248.3	241.4	236.8	236.9	238.6	239.7	243.9	247.2	
Farm-retail spread (1967=100)	233.9	239.3	248.3	266.5	271.1	274.9	275.0	275.8	274.6	271.4	271.2	
Farm value/retail cost (%)	49.6	49.0	47.8	45.0	43.9	43.1	43.1	43.2	43.4	44.1	44.5	
Poultry												
Retail cost (1967=100)	194.9	197.5	218.5	216.4	214.3	218.7	223.7	240.3	255.0	249.5	247.8	
Farm value (1967=100)	201.9	213.0	249.9	234.9	234.9	229.2	253.8	305.1	326.4	282.2	300.4	
Farm-retail spread (1967=100)	188.1	182.4	188.1	198.4	194.4	208.6	194.5	177.6	185.9	217.8	196.9	
Farm value/retail cost (%)	50.7	53.1	56.3	53.4	53.9	51.5	55.8	62.4	63.0	55.6	59.6	
Eggs												
Retail cost (1967=100)	178.7	187.1	209.0	174.3	187.4	173.7	166.9	175.2	192.9	186.0	186.2	
Farm value (1967=100)	189.8	206.1	230.3	178.9	204.5	175.0	150.3	184.4	199.0	198.3	179.9	
Farm-retail spread (1967=100)	162.7	159.5	178.2	167.6	162.6	171.8	190.9	161.9	184.1	168.3	195.3	
Farm value/retail cost (%)	62.8	65.1	65.1	60.7	64.5	59.6	53.2	62.2	61.0	63.0	57.1	
Cereal & bakery products												
Retail cost (1967=100)	263.4	292.5	305.3	317.0	318.9	323.8	326.1	326.3	328.2	328.5	328.4	
Farm value (1967=100)	178.0	186.6	192.0	175.6	163.5	156.0	139.0	132.2	123.9	121.7	123.8	
Farm-retail spread (1967=100)	305.1	314.0	328.7	346.3	350.5	358.5	364.8	366.5	370.5	371.3	370.7	
Farm value/retail cost (%)	10.8	11.1	10.8	9.5	8.9	8.3	7.3	7.0	6.5	6.4	6.5	
Fresh fruits												
Retail cost (1967=100)	323.2	303.6	345.3	383.5	382.5	400.5	395.3	406.9	418.2	407.7	398.2	
Farm value (1967=100)	288.8	220.6	315.1	299.1	286.8	268.4	281.8	290.8	291.4	303.1		
Farm-retail spread (1967=100)	338.7	340.8	358.9	421.4	425.5	459.8	446.3	459.0	475.3	459.9	440.9	
Farm value/retail cost (%)	27.7	22.5	28.3	24.2	23.2	20.8	22.1	21.5	22.1	22.1	23.6	
Fresh vegetables												
Retail costs (1967=100)	288.9	299.3	331.8	317.5	288.1	343.7	326.2	325.0	321.9	321.0	328.8	
Farm value (1967=100)	261.3	267.4	298.7	256.7	183.3	299.3	209.8	228.7	263.8	267.0	273.3	
Farm-retail spread (1967=100)	301.8	314.3	347.4	346.1	337.4	364.6	380.9	370.3	349.2	346.4	354.9	
Farm value/retail cost (%)	28.9	28.6	28.6	25.9	20.4	27.8	20.6	22.5	26.2	26.6	26.6	
Processed fruits & vegetables												
Retail cost (1967=100)	286.0	288.8	306.1	314.1	314.4	309.2	307.9	308.6	309.2	307.3	306.6	
Farm value (1967=100)	321.1	300.5	343.5	378.5	381.0	319.5	321.2	322.7	317.5	315.3	343.3	
Farm-retail spread (1967=100)	278.2	286.2	297.8	299.9	299.7	306.9	305.0	305.5	307.4	305.5	298.5	
Farm value/retail costs (%)	20.4	18.9	20.3	21.0	22.0	18.7	18.9	19.0	18.6	18.6	20.3	
Fats & oils												
Retail cost (1967=100)	259.9	263.1	288.0	294.4	291.2	287.2	287.0	287.3	287.8	285.6	284.6	
Farm value (1967=100)	207.8	251.0	324.8	271.3	224.0	211.2	203.3	196.8	187.0	178.7	180.6	
Farm-retail spread (1967=100)	279.9	267.8	273.8	303.3	317.0	316.4	319.2	322.1	326.6	326.7	324.6	
Farm value/retail cost (%)	22.2	26.5	31.3	25.6	21.4	20.4	19.7	19.0	18.1	17.4	17.6	

	Annual				1985		1986					
	1982	1983	1984	1985	Oct	May	June	July	Aug	Sept	Oct	
Beef, Choice												
Retail price 2/ (cts./lb.)	242.5	238.1	239.6	232.6	224.2	226.8	226.6	227.4	230.2	231.0	231.2	
Net carcass value 3/ (cts.)	150.7	145.4	147.6	135.2	136.0	129.7	125.7	133.4	135.6	135.8	137.1	
Net farm value 4/ (cts.)	140.5	136.2	140.0	126.8	127.6	120.4	113.3	124.9	128.2	129.0	128.9	
Farm-retail spread (cts.)	102.0	101.9	99.6	105.0	96.6	106.4	113.3	102.5	102.0	102.0	102.3	
Carcass-retail spread 5/ (cts.)	91.8	92.7	92.0	97.4	88.2	97.1	100.9	94.0	94.6	95.2	94.1	
Farm-carcass spread 6/ (cts.)	10.2	9.2	7.6	8.4	8.4	9.3	12.4	8.5	7.4	6.8	8.2	
Farm value/retail price (%)	58	57	58	55	57	53	50	55	56	56	56	
Pork												
Retail price 2/ (cts./lb.)	175.4	169.8	162.0	162.0	160.0	162.3	166.5	183.4	190.3	194.4	194.9	
Wholesale value 3/ (cts.)	121.0	106.9	110.1	101.1	98.7	102.8	112.2	127.4	131.9	127.3	118.5	
Net farm value 4/ (cts.)	88.0	76.5	77.4	71.4	70.5	76.6	89.8	97.9	102.0	95.7	86.7	
Farm-retail spread (cts.)	87.4	93.3	84.6	90.6	89.5	85.7	76.7	85.3	88.3	98.7	108.2	
Wholesale-retail spread 5/ (cts.)	53.6	60.9	51.9	60.9	61.3	59.5	54.3	56.0	58.4	67.1	76.4	
Farm-wholesale spread 6/ (cts.)	33.8	32.4	32.7	29.7	28.2	26.2	22.4	29.5	29.9	31.6	31.8	
Farm value/retail price (%)	50	45	48	44	44	47	54	53	54	49	44	

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. 2/ Estimated weighted average price of retail cuts from pork and choice yield grade 3/ beef carcasses. Retail cut prices from BLS. 3/ Value of carcass quantity (beef) and wholesale cuts (pork) equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts. 4/ Market value to producer for quantity of live animal equivalent to 1 lb. of retail cuts minus value of byproducts. 5/ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. 6/ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Notes: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditures, Statistical Bulletin 736, ERS, USDA.

Information contacts: Dennis Dunham (202) 786-1870; Ron Gustafson (202) 786-1830.

Table 9.—Price Indexes of food marketing costs

(See the Dec. 1986 issue, page 38.)

Information contact: Denis Dunham (202) 786-1870.

Table 10.—U.S. meat supply and use

Item	Beg. stocks	Pro- duc- tion 1/	Im- ports	Total supply	Ex- ports	Ship- ments	Mil- itary con- sump- tion	Ending stocks	Civilian consumption		Primary market price 3/
									Total	Per capita 2/	
Million pounds 4/											
Beef:											
1984	325	23,598	1,823	25,746	329	47	121	358	24,900	78.5	65.34
1985	358	23,728	2,071	26,157	328	51	115	317	25,346	79.1	58.37
1986	317	24,187	2,125	26,629	500	55	122	325	25,627	79.2	58.59
1987 f	325	22,646	2,150	25,121	450	60	110	325	24,176	74.1	62.68
Pork:											
1984	301	14,812	954	16,067	164	147	86	274	15,396	61.8	48.86
1985	274	14,807	1,128	16,209	128	131	70	229	15,651	62.1	44.77
1986	229	14,048	1,080	15,357	90	133	77	210	14,847	58.3	51.52
1987 f	210	13,855	1,100	15,165	120	140	80	225	14,600	56.8	52.58
Veal:											
1984	9	495	24	528	6	1	4	14	503	1.8	60.23
1985	14	515	20	549	4	1	7	11	526	1.8	62.42
1986	11	519	22	552	5	1	7	7	532	1.8	61.62
1987 f	7	426	20	453	4	1	7	7	434	1.8	63.69
Lamb and mutton:											
1984	11	379	20	410	2	3	0	7	398	1.5	62.17
1985	7	358	36	401	1	2	0	13	385	1.4	68.61
1986	13	335	40	388	2	1	0	14	371	1.4	68.69
1987 f	14	326	45	385	2	1	0	8	374	1.4	66.72
Total red meat:											
1984	646	39,284	2,821	42,751	501	198	202	653	41,197	143.6	n.a.
1985	653	39,408	3,255	43,316	461	185	192	570	41,908	144.5	n.a.
1986	570	39,089	3,267	42,926	597	190	206	596	41,377	140.8	n.a.
1987 f	556	37,153	3,315	41,024	576	202	197	565	39,584	133.7	n.a.
Broilers:											
1984	21	13,016	0	13,038	407	145	34	20	12,432	52.9	55.6
1985	20	13,762	0	13,781	417	143	34	27	13,161	55.5	50.8
1986	27	14,366	0	14,393	520	147	36	25	13,665	57.1	57.58
1987 f	25	15,263	0	15,288	520	140	36	25	14,567	60.3	50.56
Mature chicken:											
1984	92	672	0	764	26	2	2	119	614	2.6	n.a.
1985	119	636	0	755	21	1	2	144	587	2.5	n.a.
1986	144	669	0	813	18	3	2	110	680	2.8	n.a.
1987 f	110	640	0	750	20	4	1	110	614	2.5	n.a.
Turkeys:											
1984	162	2,685	0	2,847	27	7	13	125	2,676	11.4	74.4
1985	125	2,942	0	3,067	27	7	13	150	2,870	12.1	75.5
1986	150	3,311	0	3,461	25	3	14	170	3,249	13.6	72.73
1987 f	170	3,846	0	4,016	25	4	16	150	3,822	15.8	64.70
Total poultry:											
1984	275	16,373	0	16,648	460	153	49	264	15,722	66.9	n.a.
1985	264	17,339	0	17,604	465	151	49	321	16,618	70.1	n.a.
1986	321	18,346	0	18,667	562	153	52	305	17,594	73.5	n.a.
1987 f	305	19,749	0	20,055	565	148	53	285	19,003	78.7	n.a.
Red meat & poultry:											
1984	921	55,657	2,821	59,399	961	351	251	917	56,919	210.5	n.a.
1985	917	56,747	3,255	60,920	926	336	241	891	58,526	214.6	n.a.
1986	891	57,435	3,267	61,593	1,159	343	258	861	58,971	214.3	n.a.
1987 f	861	56,902	3,315	61,079	1,141	350	250	850	58,587	212.4	n.a.

1/ Total including farm production for red meats and federally inspected plus non-federally inspected for poultry. 2/ Retail weight basis. 3/ Dollars per cwt for red meat; cents per pound for poultry. Beef: choice steers, Omaha 900-1,100 lbs.; pork: barrows and gilts, 7 markets; veal: farm price of calves; lamb and mutton: choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats and certified ready-to-cook for poultry. n.a. = not available. f = forecast. Information contact: Ron Gustafson (202) 786-1830.

Table 11.—U.S. egg supply and use

Beg. stocks	Pro- duc- tion	Im- ports	Total supply	Ex- ports	Ship- ments	Mil- itary use	Hatch- ing use	Ending stocks	Civilian consumption		Wholesale price*
									Total	Per capita	
Million dozen											
1982	17.5	5,801.9	2.5	5,821.8	158.2	26.7	22.4	505.6	20.3	5,088.6	265.1
1983	20.3	5,659.2	23.4	5,703.0	85.8	26.6	25.1	500.0	9.3	5,056.2	260.8
1984	9.3	5,708.2	32.0	5,749.5	58.2	27.8	17.6	529.7	11.1	5,105.1	260.9
1985	11.1	5,687.5	12.7	5,711.3	70.6	30.3	20.2	548.1	10.7	5,031.3	254.6
1986 e	10.7	5,703.5	15.6	5,729.8	100.4	24.2	18.8	563.2	10.0	5,013.2	251.4
1987 f	10.0	5,780.0	12.0	5,802.0	100.0	24.0	20.0	600.0	10.0	5,048.0	250.8

\* Cartoned Grade A large eggs in New York. e = estimated. f = forecast. Information contact: Allen Baker (202) 786-1830.

Table 12.—U.S. milk supply and use<sup>1</sup>

Calendar year	Pro- duc- tion	Farm use	Commercial		Im- ports	Total commer- cial supply	CCC net re- movals	Commercial		All milk price 2/
			Farm market- ings	Beg. stocks				Ending stocks	Disap- pear- ance	
Billion pounds										
1980	128.4	2.4	126.1	5.4	2.1	133.6	8.8	5.8	119.0	13.05
1981	132.8	2.3	130.5	5.8	2.3	138.5	12.9	5.4	120.3	13.77
1982	135.5	2.4	133.1	5.4	2.5	141.0	14.3	4.6	122.1	13.61
1983	139.7	2.4	137.3	4.6	2.6	144.5	16.8	5.2	122.5	13.58
1984	135.4	2.9	132.5	5.2	2.7	140.5	8.6	4.9	126.9	13.46
1985	143.7	2.5	141.2	4.9	2.8	148.9	13.2	4.6	131.1	12.75
1986 p	144.9	2.3	142.5	4.6	2.8	149.9	10.5	4.6	134.8	12.45

1/ Milkfat basis. Totals may not add because of rounding. 2/ Delivered to plants and dealers; does not reflect deductions. p = preliminary.

Information contact: Jim Miller (202) 786-1830.

## Livestock and Products

Table 13.—Poultry and eggs

	Annual			1985		1986					
	1983	1984	1985	Oct	May	June	July	Aug	Sept	Oct	
<b>Broilers</b>											
Federally Inspected slaughter, certified (mil. lb.)	12,389.0	12,998.6	13,569.2	1,251.9	1,229.1	1,194.5	1,197.5	1,181.0	1,241.6	1,240.3	
Wholesale price, 12-city, (cts./lb.)	50.4	55.6	50.8	48.3	54.6	58.3	69.1	69.7	61.0	62.5	
Price of grower feed (\$/ton)	223	233	197	181	n.a.	n.a.	190	n.a.	n.a.	177	
Broiler-feed price ratio 1/	2.6	2.8	3.1	3.1	n.a.	n.a.	4.5	n.a.	n.a.	4.6	
Stocks beginning of period (mil. lb.)	22.3	21.2	19.7	27.7	22.3	23.7	23.3	24.0	24.3	26.0	
Broiler-type chicks hatched (mil.) 2/	4,447.0	4,593.9	4,803.8	382.6	438.5	428.3	429.8	415.8	401.6	415.4	
<b>Turkeys</b>											
Federally Inspected slaughter, certified (mil. lb.)	2,563	2,574	2,800	341.5	236.4	275.8	307.6	299.5	331.4	357.0	
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	60.5	74.4	75.5	90.2	67.1	73.8	77.8	80.5	81.2	83.2	
Price of turkey grower feed (\$/ton)	247	245	212	207	n.a.	n.a.	221	n.a.	n.a.	215	
Turkey-feed price ratio 1/	3.0	3.8	4.4	5.5	n.a.	n.a.	4.5	n.a.	n.a.	4.9	
Stocks beginning of period (mil. lb.)	203.9	161.8	125.3	444.5	186.3	226.8	294.0	388.1	449.3	511.6	
Poults placed in U.S. (mil.)	181.8	190.0	197.8	12.5	24.2	23.6	22.3	16.4	13.6	14.2	
<b>Eggs</b>											
Farm production (mil.)	67,911	68,498	68,250	5,761	5,781	5,593	5,690	5,706	5,560	5,810	
Average number of layers (mil.) 3/	276	278	277	231	229	227	226	227	229	231	
Rate of lay (eggs per layer on farms) 3/	247	245	247	20.7	21.1	20.6	20.9	20.9	20.3	20.9	
Cartoned price, New York, grade A large (cts./doz.) 4/	75.2	80.9	66.4	73.8	65.2	59.2	73.0	72.8	72.6	69.4	
Price of laying feed (\$/ton)	204	206	182	175	n.a.	n.a.	172	n.a.	n.a.	166	
Egg-feed price ratio 1/	6.2	6.8	6.3	7.3	n.a.	n.a.	6.8	n.a.	n.a.	7.0	
<b>Stocks, first of month</b>											
Shell (mil. doz.)	1.02	.39	.93	.66	.96	1.32	1.14	.75	.99	.87	
Frozen (mil. doz.)	19.3	8.9	10.2	12.4	9.5	8.6	10.7	11.5	11.4	10.6	
Replacement chicks hatched (mil.)	407	459	407	33.6	42.7	37.4	33.5	33.4	32.5	32.5	

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks are currently reported for 12 states only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Monthly data only available for 20 states. 4/ Price of cartoned eggs to volume buyers for delivery to retailers. n.a. = not available.

Information contact: Allen Baker (202) 786-1830.

Table 14.—Dairy

	Annual			1985	1986					
	1983	1984	1985	Oct	May	June	July	Aug	Sept	Oct
Milk prices, Minnesota-Wisconsin, 3.5% fat (\$/cwt.) 1/	12.49	12.29	11.48	11.21	10.98	11.00	11.06	11.33	11.55	11.69
Wholesale prices										
Butter, Grade A Chl. (cts./lb.)	147.3	148.8	141.1	141.6	138.7	139.1	143.7	153.9	154.2	153.5
Am. cheese, Wis. assembly pt. (cts./lb.)	138.3	138.0	127.7	124.3	126.0	125.4	126.7	129.5	129.7	130.2
Nonfat dry milk, (cts./lb.) 2/	93.2	90.9	84.0	80.6	80.4	80.4	80.4	80.6	80.6	81.2
USDA net removals										
Total milk equiv. (mil. lb.) 3/	16,813.7	8,637.0	13,174.1	732.0	1,425.8	1,105.6	585.0	111.0	172.2	90.1
Butter (mil. lb.)	413.2	202.3	334.2	18.2	39.0	20.5	3.3	-4.5	-5	-1
Am. cheese (mil. lb.)	832.8	447.3	629.0	35.6	62.4	68.6	51.8	20.2	17.9	8.7
Nonfat dry milk (mil. lb.)	1,061.0	678.4	940.6	78.9	99.9	108.6	80.5	46.6	41.0	22.3
Milk										
Milk prod. 21 states (mil. lb.)	117,533	114,545	121,568	10,222	11,193	10,775	10,547	10,245	9,772	9,839
Milk per cow (lb.)	12,756	12,691	13,204	1,096	1,223	1,182	1,166	1,138	1,090	1,099
Number of milk cows (thou.)	9,214	9,026	9,207	9,328	9,155	9,113	9,047	8,999	8,966	8,953
U.S. milk production (mil. lb.)	139,672	135,450	143,667	12,058	5/13,186	5/12,675	5/12,409	5/12,028	5/11,481	5/11,546
Stocks, beginning 4/										
Total (mil. lb.)	20,054	22,646	16,429	15,437	16,233	17,481	17,811	17,974	17,126	15,978
Commercial (mil. lb.)	4,603	5,234	4,937	5,038	5,057	5,244	5,278	5,284	5,304	5,070
Government (mil. lb.)	15,451	17,412	11,767	10,399	11,176	12,236	12,533	12,690	11,822	10,907
Imports, total (mil. lb.) 3/	2,616	2,741	2,777	306	175	207	214	212	214	273
Commercial disappearance milk equiv. (mil. lb.)	122,474	126,912	131,150	11,540	11,551	11,552	11,835	11,912	11,567	11,755
Butter										
Production (mil. lb.)	1,299.2	1,103.3	1,247.8	109.3	116.0	92.0	81.5	72.3	79.2	84.6
Stocks, beginning (mil. lb.)	466.8	499.4	296.5	247.0	304.7	333.8	342.8	337.6	304.4	279.6
Commercial disappearance (mil. lb.)	681.7	902.7	918.2	87.5	73.8	76.3	81.6	75.2	80.8	83.1
American cheese										
Production (mil. lb.)	2,927.7	2,648.5	2,854.4	229.1	280.8	262.1	244.1	224.0	201.7	207.1
Stocks, beginning (mil. lb.)	981.4	1,161.5	960.5	933.1	857.6	902.6	921.0	935.7	923.0	862.4
Commercial disappearance (mil. lb.)	2,083.3	2,253.6	2,278.3	208.8	206.6	187.3	191.1	209.7	205.3	219.0
Other cheese										
Production (mil. lb.)	1,891.8	2,025.5	2,170.5	199.0	199.7	197.0	195.2	200.9	213.1	218.3
Stocks, beginning (mil. lb.)	82.8	104.9	101.4	99.5	95.6	94.8	98.0	100.5	100.2	99.1
Commercial disappearance (mil. lb.)	2,134.3	2,310.9	2,460.5	233.8	219.4	215.9	215.4	221.3	238.0	250.1
Nonfat dry milk										
Production (mil. lb.)	1,499.9	1,160.7	1,390.0	108.3	144.0	136.7	115.1	95.9	75.2	68.7
Stocks, beginning (mil. lb.)	1,282.0	1,405.2	1,247.6	1,034.9	965.7	1,024.4	1,011.8	997.2	934.4	844.9
Commercial disappearance (mil. lb.)	459.9	497.8	435.0	39.7	38.2	28.3	52.8	51.4	47.3	58.6
Frozen dessert production (mil. gal.) 4/	1,224.2	1,241.8	1,249.4	127.0	125.3	130.8	135.5	126.6	107.0	99.1

1/ Manufacturing grade milk. 2/ Prices paid f.o.b. Central States production area, high heat spray process.  
3/ Milk-equivalent, fat-basis. 4/ Ice cream, ice milk, and hard sherbet. 5/ Estimated.

Information contact: Jim Miller (202) 786-1830.

Table 15.—Wool

	Annual			1985	1986					
	1983	1984	1985	Oct	May	June	July	Aug	Sept	Oct
U.S. wool price, Boston 1/ (cts./lb.)	212	229	192	193	198	198	193	190	190	190
Imported wool price, Boston 2/ (cts./lb.)	248	241	197	197	216	203	n.a.	187	184	190
U.S. mill consumption, scoured										
Apparel wool (thou. lb.)	126,729	128,982	106,051	8,582	10,803	11,454	12,288	9,919	9,956	11,820
Carpet wool (thou. lb.)	13,851	13,088	10,562	797	924	629	866	1,032	982	1,035

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4" and up.  
2/ Wool price delivered at U.S. mills, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents. n.a. = not available.

Information contact: John Lawler (202) 786-1840.

Table 16.—Meat animals

	Annual			1985	1986					
	1983	1984	1985	Oct	May	June	July	Aug	Sept	Oct
<b>Cattle on feed (7-States)</b>										
Number on feed (thou. head) 1/	8,316	8,006	8,635	6,461	7,077	7,076	6,523	6,321	6,404	6,811
Placed on feed (thou. head)	19,744	20,772	19,346	2,779	1,746	1,142	1,544	1,812	2,083	2,403
Marketings (thou. head)	18,701	18,785	18,989	1,573	1,615	1,128	1,682	1,659	1,617	1,587
Other disappearance (thou. head)	1,354	1,376	1,132	85	132	67	64	70	59	81
Beef steer-corn price ratio, Omaha 2/	20.6	21.6	23.3	25.5	22.8	22.3	29.0	36.6	42.4	42.5
Hog-corn price ratio, Omaha 2/	15.9	16.1	17.8	19.5	19.5	22.4	30.3	39.3	42.9	39.0
Market prices (\$ per cwt.)										
<b>Slaughter cattle:</b>										
Choice steers, Omaha	62.37	65.34	58.37	58.02	55.79	54.08	58.27	59.04	59.43	59.73
Utility cows, Omaha	39.35	39.81	38.32	34.42	37.91	38.77	38.32	37.62	38.42	37.32
Choice vealers, S. St. Paul	72.97	63.95	58.28	60.00	55.83	61.10	62.13	62.50	67.50	67.50
<b>Feeder cattle:</b>										
Choice, Kansas City, 600-700 lb.	63.70	65.28	64.56	62.37	60.40	58.50	61.00	65.75	65.50	65.10
<b>Slaughter hogs:</b>										
Barrows & gilts, 7-markets	47.71	48.86	44.77	44.09	46.91	54.50	60.99	63.39	59.01	54.21
<b>Feeder pigs:</b>										
S. No. 40-50 lb. (per head)	34.03	39.12	37.20	36.49	39.97	41.92	50.76	56.64	59.63	53.23
<b>Slaughter sheep &amp; lambs:</b>										
Lambs, Choice, San Angelo	57.40	62.18	68.61	67.25	81.25	77.36	73.84	68.12	66.38	59.65
Ewes, Good, San Angelo	16.85	20.90	34.02	30.25	33.94	35.88	35.31	34.88	29.38	36.85
<b>Feeder lambs:</b>										
Choice, San Angelo	54.87	61.02	85.91	81.65	84.22	84.69	79.97	80.00	83.88	81.45
<b>Wholesale meat prices, Midwest</b>										
Choice steer beef, 600-700 lb.	97.83	98.01	90.76	99.11	86.42	83.58	89.25	90.98	90.50	91.80
Canner & Cutter cow beef	78.48	74.70	74.13	68.12	71.39	73.41	73.33	71.50	72.60	71.44
Pork loins, 8-14 lb. 3/	—	96.36	91.51	97.85	102.53	111.58	121.77	125.73	118.84	109.81
Pork bellies, 12-14 lb.	60.58	60.08	59.50	52.09	61.82	71.83	90.08	89.10	75.64	60.32
Hams, skinned, 14-17 lb.	75.60	78.22	67.50	72.00	64.89	69.69	85.57	92.16	98.98	105.20

**Commercial slaughter (thou. head)\***

Cattle	36,649	37,582	36,293	3,240	3,235	3,123	3,322	3,203	3,128	3,285
Steers	17,486	17,474	16,912	1,408	1,506	1,519	1,555	1,497	1,499	1,586
Heifers	10,758	10,691	11,237	1,024	971	921	1,004	1,009	957	931
Cows	7,597	8,617	7,387	737	693	621	698	635	608	463
Bulls & stags	808	789	758	72	65	62	65	62	64	65
Calves	3,076	3,297	3,385	319	276	257	300	278	281	295
Sheep & lambs	6,619	6,759	6,165	570	431	419	448	443	511	511
Hogs	87,584	85,168	84,492	7,788	6,884	6,076	6,098	5,972	6,502	7,240

**Commercial production (mil. lb.)**

Beef	23,060	23,418	23,557	2,108	2,109	2,027	2,148	2,077	2,050	2,146
Veal	428	479	499	46	43	41	45	44	43	44
Lamb & mutton	367	371	352	33	25	24	25	25	30	30
Pork	15,117	14,720	14,728	1,358	1,210	1,065	1,063	1,037	1,137	1,279

**Annual**

	Annual			1985			1986			
	1983	1984	1985	II	III	IV	I	II	III	IV
<b>Cattle on feed (13-States)</b>										
Number on feed (thou. head) 1/	10,271	9,908	10,653	9,688	8,670	7,937	9,694	8,915	7,950	8,197
Placed on feed (thou. head)	23,776	24,917	23,326	5,206	5,480	7,325	5,260	5,181	6,326	—
Marketings (thou. head)	22,548	22,540	22,887	5,787	5,969	5,224	5,723	5,771	5,846	5/ 5,404
Other disappearance (thou. head)	1,591	1,632	1,398	437	244	344	316	375	233	—
<b>Hogs &amp; pigs (10-States) 4/</b>										
Inventory (thou. head) 1/	44,150	42,420	41,100	39,680	41,650	41,820	41,100	38,600	38,045	39,585
Breeding (thou. head) 1/	5,638	5,348	5,258	5,220	5,397	5,377	5,258	4,988	4,840	4,840
Market (thou. head) 1/	38,512	37,072	35,842	34,460	36,253	36,443	35,842	33,612	33,205	34,745
Farrowings (thou. head)	9,735	9,020	9,020	2,420	2,191	2,265	1,940	2,161	2,034	5/ 2,060
Pig crop (thou. head)	72,733	67,680	67,648	18,762	16,941	17,255	14,880	16,878	15,853	—

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live-weight. 3/ Beginning January 1984 prices are for 14-17 lbs.; January 1986 prices are for 14-18 lbs. 4/ Quarters are Dec. of preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). 5/ Intentions. \*Classes estimated.

Information contact: Ron Gustafson (202) 786-1830.

## Crops and Products

Table 17.—Supply and utilization<sup>1,2</sup>

	Area			Production	Total supply <sup>4/</sup>	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price <sup>5/</sup>
	Set aside <sup>3/</sup>	Planted	Harvested								
	Mill. acres		Bu/acre				Mill. bu				\$/bu
<b>Wheat</b>											
1981/82	0	88.3	80.6	34.5	2,785	3,777	135	712	1,771	2,618	1,159
1982/83	5.8	86.2	77.9	35.5	2,765	3,932	195	713	1,509	2,417	1,515
1983/84	30.0	76.4	61.4	39.4	2,420	3,939	369	742	1,429	2,540	1,399
1984/85*	18.6	79.2	66.9	58.8	2,595	4,003	405	749	1,424	2,578	1,425
1985/86*	18.8	75.6	64.7	37.5	2,425	3,865	273	771	915	1,960	1,905
1986/87*	20.1	71.8	60.5	34.3	2,077	3,992	350	780	975	2,105	1,887
	Mill. acres		lb/acre				Mill. cwt (rough equiv.)				\$/cwt
<b>Rice</b>											
1981/82	0	3.83	3.79	4,819	182.7	199.6	—	6/ 78.1	82.0	150.6	49.0
1982/83	0.42	3.30	3.26	4,710	153.6	203.4	—	6/ 62.9	68.9	131.8	71.5
1983/84	1.74	2.19	2.17	4,598	99.7	171.9	—	6/ 54.7	70.3	125.0	46.9
1984/85*	.79	2.03	2.80	4,954	158.8	187.3	—	6/ 60.5	62.1	122.6	64.7
1985/86*	1.16	2.52	2.50	5,437	136.0	202.9	—	6/ 66.9	58.7	125.6	77.3
1986/87*	1.20	2.35	2.33	5,626	131.3	209.9	—	6/ 67.0	80.0	147.0	62.9
	Mill. acres		Bu/acre				Mill. bu				\$/bu
<b>Corn</b>											
1981/82	0	84.1	74.5	108.9	8,119	9,512	4,169	796	2,010	6,975	2,537
1982/83	2.1	81.9	72.7	113.2	8,235	10,772	4,521	894	1,834	7,249	3,523
1983/84	32.2	60.2	51.5	81.1	4,175	7,700	3,818	975	1,901	6,694	1,006
1984/85*	3.9	80.5	71.9	106.7	7,674	8,684	4,116	1,055	1,865	7,036	1,648
1985/86*	5.4	83.3	75.1	118.0	8,865	10,524	4,116	1,129	1,241	6,486	4,038
1986/87*	13.0	76.6	69.0	119.3	8,223	12,264	4,200	1,150	1,125	6,475	5,789
	Mill. acres		Bu/acre				Mill. bu				\$/bu
<b>Sorghum</b>											
1981/82	0	15.9	13.7	64.0	876	1,006	417	10	260	687	319
1982/83	0.7	16.0	14.1	59.1	835	1,154	495	10	210	715	439
1983/84	5.7	11.9	10.0	48.7	488	927	385	10	245	640	287
1984/85*	.6	17.3	15.4	56.4	866	1,154	539	18	297	854	300
1985/86*	.9	18.3	16.7	66.7	1,113	1,413	655	29	178	862	551
1986/87*	2.5	19.0	13.5	66.7	900	1,451	575	30	175	780	671
	Mill. acres		Bu/acre				Mill. bu				\$/bu
<b>Barley</b>											
1981/82	0	9.6	9.0	52.4	474	621	198	175	100	473	148
1982/83	0.4	9.5	9.0	57.2	516	675	241	170	47	458	217
1983/84	1.1	10.4	9.7	52.3	509	733	282	170	92	544	189
1984/85*	.5	12.0	11.2	53.4	599	799	304	170	77	551	247
1985/86*	.7	13.2	11.6	51.0	591	847	333	167	22	522	325
1986/87*	1.8	13.0	12.0	50.0	600	930	300	175	100	575	355
	Mill. acres		Bu/acre				Mill. bu				\$/bu
<b>Oats</b>											
1981/82	0	13.6	9.4	54.2	510	689	453	77	7	537	152
1982/83	0.1	14.0	10.3	57.8	593	749	441	85	3	529	220
1983/84	.3	20.3	9.1	52.6	477	727	466	78	2	546	181
1984/85*	.1	12.4	8.2	58.0	474	689	433	74	1	509	180
1985/86*	.1	13.3	8.2	63.7	521	729	461	83	2	546	183
1986/87*	0.7	14.7	7.0	54.9	384	996	400	85	2	487	109
	Mill. acres		Bu/acre				Mill. bu				\$/bu
<b>Soybeans</b>											
1981/82	0	67.5	66.2	30.1	1,989	2,302	7/ 89	1,030	929	2,048	254
1982/83	0	70.9	69.4	31.5	2,190	2,444	7/ 86	1,106	905	2,099	345
1983/84	0	63.8	62.5	26.2	1,636	1,961	7/ 79	983	745	1,805	176
1984/85*	0	67.8	66.1	28.1	1,861	2,037	7/ 93	1,030	598	1,721	316
1985/86*	0	63.1	61.6	34.1	2,099	2,415	7/ 86	1,053	740	1,879	536
1986/87*	0	61.8	59.5	33.8	2,009	2,545	7/ 90	1,080	760	1,930	615
	Mill. acres		Bu/acre				Mill. bu				\$/bu
<b>Soybean oil</b>											
1981/82	—	—	—	—	10,979	12,715	—	9,536	2,077	11,612	1,103
1982/83	—	—	—	—	12,041	13,144	—	9,858	2,025	11,883	1,261
1983/84	—	—	—	—	10,872	12,153	—	9,588	1,824	11,412	721
1984/85*	—	—	—	—	11,468	12,209	—	9,917	1,660	11,569	632
1985/86*	—	—	—	—	11,617	12,257	—	10,053	1,257	11,310	947
1986/87*	—	—	—	—	11,878	12,825	—	10,400	1,200	11,600	1,225
	Mill. lbs						Mill. lbs				B/ \$/lb
<b>Soybean meal</b>											
1981/82	—	—	—	—	24,634	24,797	—	17,714	6,908	24,622	175
1982/83	—	—	—	—	26,714	26,889	—	19,306	7,109	26,415	474
1983/84	—	—	—	—	22,756	23,230	—	17,615	5,360	22,975	255
1984/85*	—	—	—	—	24,529	24,784	—	19,480	4,917	24,397	387
1985/86*	—	—	—	—	24,951	25,338	—	19,118	6,008	25,126	212
1986/87*	—	—	—	—	25,488	25,700	—	19,500	5,900	25,400	300
	Thou. tons						Thou. tons				\$/ \$/ton

See footnotes at end of table.

Table 17.— Supply and utilization, continued

	Area				Production	Total supply 4/	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 5/
	Set aside 3/	Planted	Harvested	Yield								
	Mil. acres	lb./acre	Mil. bales									
Cotton 10/												
1981/82	0	14.3	13.8	542	15.6	18.3	—	5.3	6.6	11.8	6.6	54.0
1982/83	1.6	11.3	9.7	590	12.0	18.6	—	5.5	5.2	10.7	7.9	59.1
1983/84	6.8	7.9	7.3	508	7.8	15.7	—	5.9	6.8	12.7	2.8	66.4
1984/85*	2.5	11.1	10.4	600	13.0	15.8	—	5.5	6.2	11.8	4.1	57.8
1985/86*	3.6	10.7	10.2	630	13.4	17.6	—	6.4	2.0	8.4	9.4	54.8
1986/87*	3.6	9.6	8.7	539	9.8	19.2	—	7.0	6.8	13.8	5.5	—

\*December 10, 1986 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats; August 1 for cotton and rice; September 1 for soybeans, corn, and sorghum. October 1 for soymeal, and soyoil. 2/ Conversion factors: Hectares (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 400-pound bales of cotton. 3/ Includes diversion, PIK, and acreage reduction programs. 4/ Includes imports. 5/ Season average. 6/ Residual included in domestic use. 7/ Includes seed. 8/ Average of crude soybean oil, Decatur. 9/ Average of 44 percent, Decatur. 10/ Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks.

Information contact: Bob Skinner (202) 786-1840.

Table 18.—Food grains

	Marketing year 1/				1985		1986			
	1982/83	1983/84	1984/85	1985/86	Oct	June	July	Aug	Sept	Oct
<b>Wholesale prices</b>										
Wheat, No. 1 HRW, Kansas City (\$/bu.) 2/	3.94	3.83	3.74	3.28	3.15	2.80	2.50	2.48	2.53	2.60
Wheat, DNS, Minneapolis (\$/bu.) 2/	3.95	4.21	3.70	3.25	3.01	2.51	2.17	2.39	2.64	2.70
Rice, S.W. La. (\$/cwt.) 3/	18.00	19.38	17.98	16.11	17.50	12.75	12.42	10.63	10.25	10.25
<b>Wheat</b>										
Exports (mil. bu.)	1,509	1,429	1,424	915	89	86	110	124	104	92
Hill grind (mil. bu.)	656	694	676	707	65	58	61	66	67	n.a.
Wheat flour production (mil. cwt.)	292	308	301	317	29	26	27	29	30	n.a.
<b>Rice</b>										
Exports (mil. cwt, rough equiv.)	68.9	70.3	62.1	58.7	6.1	6.5	9.6	11.1	11.7	7.8
<b>Marketing year 1/</b>										
1983/84				1985				1986		
1984/85				Jan-Mar				Jan-Mar		
1985/86				Apr-May				Apr-May		
				June-Sept				Jun-Aug		
<b>Wheat</b>										
Stocks, beginning (mil. bu.)	1,515	1,399	1,425	2,141	1,667	1,425.2	2,971.1	2,526.1	2,130.0	1,905.0
<b>Domestic use:</b>										
Food (mil. bu.)	643	651	678	165	105.8	223.7	176.8	166.9	110.7	169.0
Feed & seed (mil. bu.) 4/	469	502	371	4.4	-1.2	334.7	24.9	4.9	1.8	381.0
Exports (mil. bu.)	1,429	1,424	915	266	139.1	326.6	247.3	226.1	115.3	320.2

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Feed use approximated by residual. n.a. = not available.

Information contacts: Allen Schienbein and Janet Livezey (202) 786-1840.

Table 19.—Cotton

	Marketing year 1/				Oct	1985				1986			
	1982/83	1983/84	1984/85	1985/86		June	July	Aug	Sept	Oct			
U.S. price, SLM, 1-1/16 in. (cts./lb.) 2/	63.1	73.1	60.5	60.0	56.1	65.2	65.7	26.8	33.6	44.0			
Northern Europe prices:													
Index (cts./lb.) 3/	76.7	87.6	69.2	48.9	49.0	41.0	37.4	37.2	43.5	51.2			
U.S. M 1-3/32" (cts./lb.) 4/	78.0	87.1	73.9	64.8	68.6	41.3	38.1	37.8	44.7	52.4			
U.S. mill consumption (thou. bales)	5,512.8	5,927.0	5,544.5	6,398.9	590.6	537.7	498.9	524.5	606.7	609.5			
Exports (thou. bales)	5,206.8	6,786.0	6,201.3	1,969.2	218.0	68.9	23.0	391.7	386.5	646.4			
Stocks, beginning (thou. bales)	6,632	7,937	2,775	4,102	5,186	10,327	9,720	9,348	9,228	10,076			

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. 4/ Memphis territory growths.

Information contact: Bob Skinner (202) 786-1840.

Table 20.—Feed grains

	Marketing year 1/				1985		1986			
	1982/83	1983/84	1984/85	1985/86	Oct	June	July	Aug	Sept	Oct
<b>Wholesale prices</b>										
Corn, No. 2 yellow, Chicago (\$/bu.)	2.98	3.46	2.79	2.35	2.26	2.52	1.98	1.68	1.49	1.51
Sorghum, No. 2 yellow, Kansas City (\$/cwt.)	4.80	5.22	4.46	3.72	3.62	4.00	3.20	2.71	2.47	2.60
Barley, feed, Minneapolis (\$/bu.)	1.76	2.48	2.09	1.53	1.41	1.23	1.16	1.13	1.27	1.50
Barley, malting, Minneapolis (\$/bu.)	2.53	2.84	2.55	2.24	2.10	1.84	1.75	1.61	1.76	1.93
<b>Exports</b>										
Corn (mil. bu.)	1,834	1,902	1,865	1,241	126	57	45	52	81	125
Feed grains (mil. metric tons) 2/	53.0	56.5	56.6	36.6	3.9	1.7	1.6	1.8	2.7	4.1

	Marketing year 1/				1985				1986			
	1982/83	1983/84	1984/85	1985/86	Mar-May	June-Aug	Sept-Nov	Dec-Feb	Mar-May	June-Aug	P	
<b>Corn</b>												
Stocks, beginning (mil. bu.)	2,537	3,523	1,006	1,648	4,623	2,836	1,648	8,615	6,587	4,989		
Domestic use:												
Feed (mil. bu.)	4,521	3,818	4,116	4,116	1,026	612	1,210	1,305	1,095	506		
Food, seed, ind. (mil. bu.)	895	975	1,055	1,129	283	280	272	259	302	296		
Exports (mil. bu.)	1,834	1,902	1,865	1,241	479	296	418	465	204	154		
Total use (mil. bu.)	7,249	6,694	7,036	6,486	1,789	1,188	1,900	2,029	1,601	956		

1/ September 1 for corn and sorghum; June 1 for oats and barley. 2/ Aggregated data for corn, sorghum, oats, and barley.  
P = preliminary.

Information contacts: Dave Hull (202) 786-1840; Jim Cole (202) 786-1693.

Table 21.—Fats and oils

	Marketing year 1/				1985		1986			
	1982/83	1983/84	1984/85	1985/86	Oct	June	July	Aug	Sept	Oct
<b>Soybeans</b>										
Wholesale price, No. 1 yellow, Chicago (\$/bu.) 2/	6.11	7.78	5.88	5.20	5.07	5.33	5.25	4.71	4.74	4.74
Crushings (mil. bu.)	1,107.8	982.7	1,030.5	1,052.8	94.3	79.6	83.1	78.4	79.4	107.0
Exports (mil. bu.)	905.2	742.8	598.2	740.0	55.3	28.7	26.6	21.0	30.2	89.7
Stocks, beginning (mil. bu.)	254.5	344.6	175.7	316.0	25.7	53.2	40.7	40.2	28.5	38.3
<b>Soybean oil</b>										
Wholesale price, crude, Decatur (cts./lb.)	20.62	30.55	29.52	18.0	20.71	16.22	14.28	14.28	13.94	14.63
Production (mil. lb.)	12,040.4	10,872.0	11,467.9	11,620.4	1,040.3	881.9	909.5	875.3	889.3	1,166.5
Domestic disp. (mil. lb.)	9,857.3	9,598.6	9,916.7	10,062.8	911.3	901.7	769.2	856.4	877.6	999.1
Exports (mil. lb.)	2,024.7	1,813.6	1,659.8	1,257.2	38.1	115.1	44.6	187.7	223.4	146.5
Stocks, beginning (mil. lb.)	1,102.5	1,260.9	720.5	632.5	632.5	1,360.2	1,225.2	1,320.8	1,152.2	946.6
<b>Soybean meal</b>										
Wholesale price, 44% protein, Decatur (\$/ton) 2/	187.19	188.21	125.46	154.90	138.30	158.90	161.00	163.50	165.20	165.40
Production (thou. ton)	26,713.6	22,756.2	24,529.3	24,957.8	2,218.1	1,879.4	1,976.6	1,863.4	1,878.7	2,521.3
Domestic disp. (thou. ton)	19,306.0	17,615.2	19,481.7	19,122.3	1,888.5	1,430.2	1,600.6	1,428.8	1,644.6	2,005.8
Exports (thou. ton)	7,108.7	5,359.7	4,916.5	6,007.0	397.8	452.9	404.2	345.0	312.9	511.5
Stocks, beginning (thou. ton)	175.2	474.1	255.4	387.0	386.9	282.4	278.7	250.6	298.3	211.7
<b>Margarine, wholesale price, Chicago, white (cts/lb.)</b>										
	41.1	46.3	55.4	42.1	45.7	40.40	39.00	37.95	38.00	38.09

1/ Beginning September 1 for soybeans; October 1 for soymeal and oil; calendar year for margarine. 2/ Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Information contacts: Roger Hoskin (202) 786-1840; Tom Bickerton (202) 786-1691.

Table 22.—Fruit

	Calendar years											
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 F
Citrus												
Production (thou. ton)	14,586	14,788	15,242	14,255	13,329	16,484	15,105	12,057	13,608	10,488	11,037	5/ 12,306
Per capita consumption (lbs) 1/	119.5	117.8	118.8	108.1	108.8	113.1	104.7	110.0	120.7	103.2	115.4	n.e.
Non citrus												
Production (thou. tons)	12,384	11,846	12,274	12,460	13,689	15,153	12,961	14,217	14,154	14,290	14,180	n.e.
Per capita consumption (lbs) 1/	85.5	84.4	84.8	83.3	85.9	87.4	88.2	89.3	89.2	93.4	95.1	n.e.
	1985						1986					
Fob shipping point prices	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
Apples (\$/carton) 2/	14.30	14.00	13.60	15.00	14.85	15.62	18.10	18.50	22.86	n.e.	17.03	13.70
Pears (\$/box) 3/	14.00	14.00	14.00	15.59	15.50	n.e.	24.18	25.70	n.e.	14.67	14.00	15.00
Oranges (\$/box) 4/	6.01	4.88	4.27	3.71	3.85	3.79	4.19	4.27	3.63	4.03	4.34	6.58
Grapefruit (\$/box) 4/	4.25	3.82	3.78	3.76	3.94	4.22	5.20	5.98	6.17	6.76	6.63	6.29
Stocks, ending												
Fresh apples (mil. lbs.)	3,542.5	2,724.7	2,125.2	1,550.2	1,039.3	612.6	267.2	118.8	25.4	7.9	2,349.5	4,142.7
Fresh pears (mil. lbs.)	222.2	185.2	142.9	101.3	71.6	35.5	4.9	.7	75.0	124.4	325.1	333.2
Frozen fruits (mil. lbs.)	788.9	720.7	656.5	597.1	544.6	496.9	461.4	558.1	719.6	741.1	740.7	855.6
Frozen orange juice (mil. lbs.)	656.0	684.4	888.4	966.8	911.5	1,031.6	1,047.5	1,056.9	920.3	855.5	715.4	577.6

1/ Per capita consumption of both fresh and processed fruit in fresh weight equivalent. Eighteen fruit items are not included in this year's new per capita consumption series. 2/ Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. 3/ D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 4/ U.S. equivalent on-tree returns. 5/ As of December 1, 1986. n.e. = not available. F = forecast.

Information contact: Ben Huang (202) 786-1767.

Table 23.—Vegetables

	Calendar years											
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986		
Production												
Total vegetables (1,000 cart) 1/	402,936	382,165	413,925	381,370	379,123	431,515	403,320	457,392	453,651	—		
Fresh (1,000 cart) 1/ 2/	176,541	182,563	190,859	190,228	194,694	207,924	197,919	217,152	217,814			
Processed (tons) 3/	11,319,750	9,980,100	11,153,300	9,557,100	9,221,460	11,179,590	10,270,050	12,013,020	11,791,860	10,891,300		
Mushrooms (1,000 lbs)	398,703	454,007	470,069	469,576	517,146	490,826	561,531	595,681	587,956			
Potatoes (1,000 cart)	355,334	366,314	342,447	302,857	338,591	355,151	353,911	362,612	407,109	352,274		
Sweetpotatoes (1,000 cart)	11,885	13,115	13,370	10,953	12,799	14,833	12,083	12,986	14,416	11,555		
Dry edible beans (1,000 cart) 4/	7,880	9,840	10,383	14,649	19,486	12,670	7,781	11,617	11,207	—		
	1985						1986					
Shipments	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
Fresh (1,000 cart) 5/	18,318	14,708	14,021	22,189	16,643	17,454	19,210	32,927	26,825	27,818	17,579	15,174
Potatoes (1,000 cart)	10,067	9,646	10,147	12,965	10,726	11,993	13,604	16,037	9,882	7,757	8,066	7,907
Sweetpotatoes (1,000 cart)	492	817	504	352	313	413	227	250	177	160	96	246
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept

1/ 1983 data are not comparable with 1984 and 1985. 2/ Estimate reinstated for asparagus with the 1984 crop, all other years also include broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, and tomatoes. 3/ Estimates reinstated for cucumbers with the 1984 crop, all other years also include snap beans, sweet corn, green peas, and tomatoes. 4/ Production by class which include baby limas, Great Northern, Pinto, Red Kidney. 5/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, lettuce, onions, bell peppers, squash, tomatoes, cantaloupes, honeydews, and watermelons.

Information contact: Shannon Hamm (202) 786-1767.

Table 24.—Other commodities

	Annual											
	1982	1983	1984	1985	1986 F	July-Sept	Oct-Dec	Jen-Mar	Apr-June	July-Sept		
Sugar												
Production 1/	5,936	5,682	5,890	5,969	6,300	683	2,992	1,619	746	2,292		
Deliveries 1/	9,153	8,812	8,454	8,035	7,800	2,150	2,004	1,834	1,919	1,431		
Stocks, ending 1/	3,068	2,570	3,005	3,126	3,158	1,745	3,126	3,384	2,552	1,652		
Coffee												
Composite green price N.Y. (cts./lb.)	132.00	131.51	142.95	137.46	182.50	124.83	152.81	215.33	190.79	174.92		
Imports, green bean equiv. (million lbs.) 2/	2,352	2,259	2,411	2,550	2,600	652	612	799	653	635		
	Annual						1986					
Tobacco	1983	1984	1985	Aug	Mar	Apr	May	June	July			
Prices at auctions 3/												
Flue-cured (dol./lb.)	1.78	1.81	1.72	1.60	n.q.	n.q.	n.q.	n.q.	n.q.	1.44		
Burley (dol./lb.)	1.77	1.88	1.59	n.q.	1.48	n.q.	n.q.	n.q.	n.q.	n.q.		
Domestic consumption 4/												
Cigarettes (bill.)	600.0	600.4	594.0	50.1	51.5	48.0	52.4	56.0	38.4	51.4		
Large cigars (mil.)	3,605	3,493	3,226	296.1	227.4	257.0	279.4	281.2	270.4	251.7		

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Green and processed coffee. 3/ Crop year July-June for flue-cured, October-September for burley. 4/ Taxable removals. F = forecast. n.q. = no quote.

Information contacts: (sugar) Dave Harvey (202) 786-1769; (coffee) Fred Gray (202) 786-1769; (tobacco) Verner Grise (202) 786-1840.

# World Agriculture

Table 25.—World supply and utilization of major crops, livestock and products

	1980/81	1981/82	1982/83	1983/84	1984/85 E	1985/86 P	1986/87 F
MIL. UNITS							
<b>Wheat</b>							
Area (hectares)	237.0	238.7	237.7	229.1	231.4	229.1	227.9
Production (metric ton)	443.0	449.5	477.5	489.5	511.5	499.8	521.7
Exports (metric ton) 1/	94.1	101.3	98.7	102.0	106.9	85.0	84.7
Consumption (metric ton) 2/	445.8	443.6	462.2	482.3	494.9	488.1	505.0
Ending stocks (metric ton) 3/	78.2	87.0	102.3	109.5	126.1	137.7	154.4
<b>Coarse grains</b>							
Area (hectares)	342.4	349.9	339.7	335.3	335.5	338.9	335.1
Production (metric ton)	732.9	766.0	784.4	687.7	813.7	843.5	836.5
Exports (metric ton) 1/	108.0	96.6	89.7	91.7	100.1	83.6	79.5
Consumption (metric ton) 2/	745.1	737.7	752.6	762.2	783.5	771.9	785.7
Ending stocks (metric ton) 3/	90.6	120.7	152.5	77.9	108.2	179.8	230.6
<b>Rice, milled</b>							
Area (hectares)	144.5	145.2	141.1	144.3	144.4	143.6	144.2
Production (metric ton)	271.0	280.6	285.7	308.0	319.1	320.0	317.7
Exports (metric ton) 4/	13.1	11.8	11.9	12.6	11.5	12.6	11.7
Consumption (metric ton) 2/	272.3	281.5	289.5	308.2	314.2	317.9	320.5
Ending stocks (metric ton) 3/	22.1	21.3	17.3	17.2	22.2	24.3	21.5
<b>Total grains</b>							
Area (hectares)	723.9	733.8	718.5	708.7	711.3	711.6	707.2
Production (metric ton)	1,446.9	1,496.1	1,547.6	1,485.2	1,644.3	1,663.3	1,675.9
Exports (metric ton) 1/	215.2	209.7	200.3	206.3	218.5	181.2	175.9
Consumption (metric ton) 2/	1,463.2	1,462.8	1,504.3	1,552.7	1,592.6	1,577.9	1,611.2
Ending stocks (metric ton) 3/	190.9	229.0	272.1	204.6	256.5	341.8	406.5
<b>Oilseeds</b>							
Crush (metric ton)	132.9	138.3	143.6	137.1	151.1	154.9	155.7
Production (metric ton)	155.8	169.4	178.3	165.7	191.1	195.7	196.5
Exports (metric ton)	32.1	35.8	35.1	33.0	32.8	33.9	35.3
Ending stocks (metric ton)	20.5	18.9	20.5	15.8	21.2	26.0	29.7
<b>Meals</b>							
Production (metric ton)	90.8	94.1	98.1	93.1	101.9	104.4	105.5
Exports (metric ton)	25.9	28.9	31.5	29.6	32.3	33.4	33.5
<b>Oils</b>							
Production (metric ton)	40.0	41.6	43.4	42.5	46.3	49.4	49.6
Exports (metric ton)	12.5	13.3	14.0	13.6	15.5	16.5	16.3
<b>Cotton</b>							
Area (hectares)	32.1	33.0	31.4	31.0	33.9	32.0	30.7
Production (bale)	65.0	71.2	68.0	67.7	88.1	78.9	70.4
Exports (bale)	19.7	20.2	19.4	19.2	20.4	20.3	23.0
Consumption (bale)	65.8	66.0	68.1	68.5	69.8	74.6	77.1
Ending stocks (bale)	21.1	25.9	25.0	25.0	43.0	48.3	41.0
	1981	1982	1983	1984	1985	1986 F	1987 F
<b>Red meat</b>							
Production (mil. metric tons)	93.6	93.9	96.5	98.1	101.8	102.2	102.5
Consumption (mil. metric tons)	91.8	92.2	94.7	96.1	99.6	100.8	100.9
Exports (mil. metric tons) 1/	5.7	5.8	5.8	5.9	6.3	6.1	6.4
<b>Poultry</b>							
Production (mil. metric tons)	22.4	23.0	23.5	24.2	25.2	26.1	27.3
Consumption (mil. metric tons)	22.1	22.7	23.5	24.0	24.9	25.7	26.9
Exports (mil. metric tons) 1/	1.5	1.4	1.3	1.2	1.2	1.2	1.2
<b>Dairy</b>							
Milk production	389.6	396.9	412.5	413.0	417.9	423.1	423.4

E = Estimated. P = Projected. F = Forecast. 1/ Excludes Intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1981 data correspond with 1980/81, etc. n.a. = not available.

Information contact: Frederic Suris (202) 786-1693.

# U.S. Agricultural Trade

Table 26.—Prices of principal U.S. agricultural trade products

	Annual			1985	1986					
	1983	1984	1985 <sup>a</sup>	Oct	May	June	July	Aug	Sept	Oct
<b>Export commodities</b>										
Wheat, f.o.b. vessel, Gulf ports (\$/bu.)	4.30	4.17	3.73	3.51	3.49	2.92	2.80	2.82	2.83	2.86
Corn, f.o.b. vessel, Gulf ports (\$/bu.)	3.49	3.50	2.89	2.53	2.70	2.69	2.17	1.89	1.71	1.69
Grain sorghum, f.o.b. vessel, Gulf ports (\$/bu.)	3.34	3.00	2.64	2.20	2.71	2.37	1.94	1.70	1.73	1.81
Soybeans, f.o.b. vessel, Gulf ports (\$/bu.)	7.31	7.38	5.83	5.05	5.59	5.53	5.45	5.38	5.37	5.13
Soybean oil, Decatur (cts./lb.)	23.51	30.75	27.03	20.61	17.72	16.75	16.21	14.16	13.84	14.61
Soybean meal, Decatur (\$/ton)	200.91	166.80	127.15	139.67	157.60	158.55	162.15	164.76	166.19	152.85
Cotton, 8 market avg. spot (cts./lb.)	68.68	68.37	58.55	56.14	63.95	65.24	65.73	26.81	33.56	43.91
Tobacco, avg. price at auction (cts./lb.)	173.96	170.66	172.05	174.69	158.01	158.01	158.01	142.95	151.92	145.48
Rice, f.o.b. mill, Houston (\$/cwt.)	19.39	19.47	18.57	18.25	13.75	13.60	13.00	13.00	13.00	13.00
Inedible tallow, Chicago (cts./lb.)	13.41	17.47	14.33	11.50	8.72	7.56	7.78	7.81	8.10	8.44
<b>Import commodities</b>										
Coffee, N.Y. spot (\$/lb.)	1.33	1.46	1.42	1.37	2.18	1.93	1.88	1.85	2.03	1.87
Rubber, N.Y. spot (cts./lb.)	56.19	49.70	41.91	42.92	40.10	41.06	43.51	43.45	45.29	46.87
Cocoa beans, N.Y. (\$/lb.)	.92	1.06	.99	1.03	.81	.81	.88	.89	.96	.91

Information contact: Mary Teymourian (202) 786-1691.

Table 27.—Indexes of nominal and real trade-weighted dollar exchange rates

	1985		1986									
	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
1980=100												
<b>Total U.S. trade</b>												
Nominal	136	134	129	126	125	123	124	n.a.	n.a.	n.a.	n.a.	n.a.
Real	137	135	130	127	126	124	125	n.a.	n.a.	n.a.	n.a.	n.a.
April 1971=100												
<b>Agricultural trade</b>												
Nominal 1/	3,183	3,544	4,093	4,495	4,500	4,511	4,498	4,567	4,661	4,680	4,729	4,791
Real 2/	91	90	88	86	85	84	85*	85*	86*	87*	87*	89*
<b>Soybeans</b>												
Nominal 1/	114	112	107	105	105	103	103	161	250	266	280	294
Real 2/	84	82	79	76	76	74	75*	75*	75*	75*	75*	76*
<b>Wheat</b>												
Nominal 1/	18,368	20,580	23,953	26,425	26,457	26,533	26,449	26,499	26,501	26,512	26,714	27,00*
Real 2/	103	102	102	102	101	100	101*	100*	101*	102*	103*	105*
<b>Corn</b>												
Nominal 1/	2,903	3,227	3,720	4,081	4,086	4,095	4,083	4,172	4,297	4,320	4,369	4,430
Real 2/	86	85	81	79	78	77	77*	78*	79*	80*	79*	80*
<b>Cotton</b>												
Nominal 1/	216	216	214	228	227	226	233	231	230	233	236	237
Real 2/	97	97	95	94	93	92	92*	91*	90*	91*	92*	93*

1/ Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. 2/ Real values are computed in the same way as the nominal series, adjusted for CPI changes in the countries involved.

\*Preliminary; assumes the same rate of CPI increase/decrease as the previous six months. n.a. = not available.

Information contact: Edward Wilson (202) 786-1688.

Table 28.—Trade balance

	Fiscal years*										Oct
	1979	1980	1981	1982	1983	1984	1985	1986	1987f	1986	
\$ million											
<b>Exports</b>											
Agricultural	31,979	40,481	43,780	39,095	34,769	38,027	31,201	26,325	26,000	2,435	
Nonagricultural	135,839	169,846	165,423	176,310	159,373	170,014	179,236	176,613	n.a.	16,159	
Total 1/	167,818	210,327	229,203	215,405	194,142	208,041	210,437	202,938	n.a.	18,594	
<b>Imports</b>											
Agricultural	16,186	17,276	17,218	15,481	16,271	18,916	19,740	20,875	20,000	1,654	
Nonagricultural	177,424	223,590	237,469	233,353	230,629	297,736	313,722	342,855	n.a.	28,270	
Total 2/	193,610	240,866	254,687	248,834	246,900	316,652	333,462	363,750	n.a.	29,924	
<b>Trade balance</b>											
Agricultural	15,793	23,205	26,362	23,614	18,498	19,111	11,461	5,450	6,000	781	
Nonagricultural	-41,585	-53,744	-52,046	-57,043	-71,256	-127,722	-134,486	-166,242	n.a.	-12,111	
Total	-25,792	-30,539	-25,484	-33,429	-52,750	-108,611	-123,025	-160,792	n.a.	-11,330	

\*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985.

1/ Domestic exports, including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (customs value).

n.a. = Not available. f = forecast.

Information contact: Steve MacDonald (202) 786-1621.

Table 29.—U.S. agricultural exports and imports

	Fiscal years*				Oct	Fiscal years*				Oct
	1984	1985	1986	1987f		1984	1985	1986	1987f	
	Thousand units				\$ million					
<b>Exports</b>										
Animals, live (no.) 1/	754	996	570	—	19	276	255	344	—	56
Meats & preps., excl. poultry (mt)	422	427	451	2/ 400	58	929	906	1,012	—	119
Dairy products (mt)	418	423	481	—	46	393	414	430	400	44
Poultry meats (mt)	225	234	265	300	27	280	257	282	—	32
Fats, oils, & greases (mt)	1,395	1,217	1,355	3/ 1,300	85	703	608	477	—	26
Hides & skins incl. furskins	—	—	—	—	—	1,318	1,325	1,456	—	119
Cattle hides, whole (no.) 1/	24,283	25,456	25,973	—	2,258	1,010	1,019	1,150	—	103
Mink pelts (no.) 1/	2,551	2,237	2,697	—	124	67	60	65	—	2
Grains & feeds (mt)	108,194	93,903	74,437	—	7,440	17,304	13,285	9,476	4/ 8,200	783
Wheat (mt)	41,699	28,523	25,490	26,500	2,299	6,497	4,264	3,259	5/ 3,000	264
Wheat flour (mt)	1,071	718	1,137	1,300	133	234	164	204	—	16
Rice (mt)	2,293	1,972	2,382	2,600	259	897	677	648	500	59
Feed grains, incl. products (mt)	55,546	55,362	36,293	40,400	3,990	8,217	6,884	3,819	3,000	314
Feeds & fodders (mt)	7,021	6,533	8,381	6/ 8,500	703	1,216	1,004	1,289	—	110
Other grain products (mt)	564	795	754	—	56	243	293	257	—	20
Fruits, nuts, and preps. (mt)	1,931	1,907	2,003	—	202	1,594	1,687	1,766	—	226
Fruit juices incl. froz. (hl) 1/	5,598	4,641	3,652	—	289	223	200	148	—	12
Vegetables & preps. (mt)	1,527	1,420	1,467	—	153	999	946	1,000	—	103
Tobacco, unmanufactured (mt)	227	257	224	200	15	1,433	1,588	1,318	1,400	76
Cotton, excl. (inters (mt)	1,481	1,277	482	1,400	74	2,395	1,945	678	1,700	70
Seeds (mt)	252	289	269	—	44	326	352	366	400	33
Sugar, cane or beet (mt)	285	355	375	—	32	74	65	75	—	8
Oilsseeds & products (mt)	26,961	23,803	27,557	—	3,040	8,602	6,195	6,266	7/ 6,000	615
Oilsseeds (mt)	20,466	17,886	20,684	8/ 21,100	2,480	6,254	4,324	4,394	—	481
Soybeans (mt)	19,265	16,621	20,139	20,700	2,440	5,734	3,876	4,174	4,000	464
Protein meal (mt)	5,060	4,606	5,588	5,500	477	1,217	853	1,127	1,000	96
Vegetable oils (mt)	1,435	1,311	1,284	—	83	1,131	1,018	746	—	39
Essential oils (mt)	11	12	7	—	1	96	105	105	—	9
Other	465	443	568	—	44	1,082	1,069	1,126	—	104
<b>Total</b>	<b>143,794</b>	<b>125,967</b>	<b>109,941</b>	<b>116,500</b>	<b>11,261</b>	<b>38,027</b>	<b>31,201</b>	<b>26,325</b>	<b>26,000</b>	<b>2,435</b>
<b>Imports</b>										
Animals, live (no.) 1/	1,907	2,120	1,885	—	69	596	569	637	700	55
Meats & preps., excl. poultry (mt)	905	1,123	1,139	1,127	101	1,931	2,214	2,248	2,400	215
Beef & veal (mt)	550	674	693	712	59	1,165	1,295	1,252	1,500	109
Pork (mt)	328	416	406	415	39	703	847	900	900	99
Dairy products (mt)	382	418	400	410	52	757	763	786	800	79
Poultry and products 1/	—	—	—	—	—	122	93	101	—	7
Fats, oils, & greases (mt)	18	21	22	—	2	13	18	17	—	1
Hides & skins, incl. furskins 1/	—	—	—	—	—	216	240	200	—	16
Wool, unmanufactured (mt)	59	43	53	—	3	193	145	160	—	9
Grains & feeds (mt)	1,805	2,070	2,311	2,580	146	534	604	668	700	61
Fruits, nuts, & preps.,	—	—	—	—	—	—	—	—	—	—
excl. juices (mt)	4,036	4,483	4,637	4,830	304	1,634	1,891	1,976	2,000	126
Bananas & plantains (mt)	2,727	3,022	3,042	3,100	236	666	752	740	700	57
Fruit juices (hl) 1/	27,247	35,112	31,539	28,000	4,111	671	995	698	600	72
Vegetables & preps. (mt)	2,093	2,140	2,199	2,260	125	1,314	1,347	1,560	1,500	82
Tobacco, unmanufactured (mt)	190	191	208	220	20	563	556	605	700	56
Cotton, unmanufactured (mt)	32	31	41	—	3	17	17	14	—	1
Seeds (mt)	82	92	89	88	4	97	91	111	100	9
Nursery stock & cut flowers 1/	—	—	—	—	—	292	318	353	—	34
Sugar, cane or beet (mt)	2,829	2,338	1,905	1,900	115	1,144	912	654	—	44
Oilsseeds & products (mt)	1,137	1,271	1,508	1,789	116	799	784	639	600	39
Oilsseeds (mt)	223	253	197	—	13	95	98	69	—	4
Protein meal (mt)	118	159	158	—	12	21	17	15	—	1
Vegetable oils (mt)	797	859	1,173	—	92	683	670	555	—	34
Beverages excl. fruit juices (hl) 1/	14,120	15,494	15,488	—	1,153	1,547	1,622	1,848	—	165
Coffee, tea, cocoa, spices (mt)	1,776	1,868	1,940	1,868	144	4,777	4,983	6,099	5,400	453
Coffee, incl. products (mt)	1,128	1,128	1,223	1,160	95	3,300	3,244	4,400	3,800	342
Cocoa beans & products (mt)	451	539	507	525	35	1,058	1,285	1,189	1,200	80
Rubber & allied gums (mt)	809	799	801	800	75	854	680	615	600	59
Other	—	—	—	—	—	844	900	885	—	72
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,916</b>	<b>19,740</b>	<b>20,875</b>	<b>20,000</b>	<b>1,654</b>

\*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985. — Not available. 1/ Not included in total volume. 2/ Forecasts for footnoted items 3/–8/ are based on slightly different groups of commodities. Fiscal 1986 exports of categories used in the 1987 forecasts were: 2/ 413 thousand mt. 3/ 1,306 thousand mt. 4/ 9,648 million. 5/ 3,489 million, i.e. includes flour. 6/ 8,218 thousand mt. 7/ 6,439 million. 8/ 20,481 thousand mt.

Information contact: Steve MacDonald (202) 786-1621.

Table 30. U.S. agricultural exports by regions

Region & country	Fiscal years*				Oct#	Change from year# earlier					Oct#
	1984	1985	1986	1987f		1984	1985	1986	1987f	1986	
\$ million											
Western Europe	9,265	7,183	6,857	6,700	746	-9	-22	-5	-3	5	
European Community (EC-12)	8,650	6,668	6,442	6,300	701	9	-25	-3	-2	5	
Belgium-Luxembourg	836	470	361	—	44	3	-44	-23	—	8	
France	510	396	431	—	52	-1	-22	9	—	89	
Germany, Fed. Rep.	1,260	900	1,001	—	123	-13	-29	11	—	36	
Italy	771	677	693	—	65	-4	-12	2	—	61	
Netherlands	2,227	1,926	2,042	—	221	-21	-14	6	—	6	
United Kingdom	790	628	628	—	81	-4	-20	0	—	-14	
Portugal	702	502	308	—	23	10	-28	-39	—	48	
Spain, incl. Canary Islands	1,232	832	723	—	64	3	-32	-13	—	-30	
Other Western Europe	615	515	415	400	44	-10	-16	-19	0	—	
Switzerland	311	232	128	—	10	-12	-26	-45	—	-4	
Eastern Europe	741	532	447	400	17	-10	-28	-16	0	-45	
Germany Dem. Rep.	132	81	52	—	3	7	-39	-36	—	1,490	
Poland	197	126	42	—	1	-15	-36	-66	—	-85	
Yugoslavia	180	137	134	—	9	-28	-24	-2	—	-31	
Romania	155	88	112	—	0	35	-43	27	—	-98	
USSR	2,512	2,525	1,105	600	4	156	1	-56	-45	-90	
Asia	15,209	11,933	10,498	10,700	984	12	-22	-12	2	11	
West Asia (Mideast)	1,865	1,452	1,243	1,300	142	26	-22	-14	8	64	
Turkey	222	129	111	—	3	693	-42	-13	—	-16	
Iraq	423	371	321	—	29	31	-12	-13	—	21	
Israel	351	300	255	—	27	20	-15	-15	—	81	
Saudi Arabia	497	381	335	—	65	11	-23	-12	—	176	
South Asia	867	599	517	400	31	26	-31	-14	-2	-30	
Bangladesh	157	205	94	—	13	3	31	-54	—	365	
India	376	129	90	—	8	-51	-66	-30	—	-35	
Pakistan	285	228	285	—	10	33	-20	25	—	-65	
China	692	239	88	100	—	27	-65	-63	0	-90	
Japan	6,935	5,663	5,139	5,100	481	18	-18	-9	0	4	
Other East Asia	3,631	3,138	2,787	3,000	268	10	-14	-11	7	17	
Taiwan	1,409	1,342	1,108	—	120	14	-5	-17	—	34	
Korea, Rep.	1,816	1,400	1,277	—	114	6	-23	-9	—	20	
Hong Kong	407	396	399	—	35	18	-3	1	—	-23	
Southeast Asia	1,218	842	725	800	60	1	-31	-14	14	14	
Indonesia	438	204	172	—	23	7	-53	-16	—	72	
Philippines	300	285	270	—	15	-21	-5	-5	—	1	
Africa	2,868	2,527	2,135	2,000	178	26	-12	-16	-5	-15	
North Africa	1,542	1,207	1,402	1,400	121	6	-22	16	0	-5	
Morocco	341	156	159	—	11	52	-54	2	—	211	
Algeria	162	220	330	—	19	-20	36	50	—	382	
Egypt	882	766	875	—	75	-3	-13	14	—	-37	
Sub-Saharan	1,327	1,120	733	600	57	62	-1	-44	-14	-30	
Nigeria	345	367	158	—	16	4	6	-57	—	-11	
Rep. S. Africa	525	189	70	—	4	304	-64	-63	—	-45	
Latin America & Caribbean	5,279	4,570	3,599	3,900	343	9	-13	-21	8	9	
Brazil	438	557	444	—	83	10	27	-20	—	347	
Caribbean Islands	827	771	752	700	64	7	-7	-2	0	-2	
Central America	396	361	334	400	38	11	-9	-7	33	-5	
Colombia	220	238	137	—	8	-14	8	-42	—	-45	
Mexico	1,966	1,566	1,115	1,400	80	11	-20	-29	27	-12	
Peru	227	106	108	—	22	-12	-53	2	—	142	
Venezuela	778	721	493	—	24	26	-7	-32	—	-35	
Canada	1,936	1,727	1,466	1,600	145	4	-11	-15	7	12	
Oceania	216	204	216	200	18	-4	-6	6	0	-3	
Total	38,027	31,201	26,325	26,000	2,435	9	-18	-16	-7	4	
Developed Countries	19,180	15,225	13,963	13,600	1,417	4	-21	-8	-3	5	
Less Developed Countries	14,902	12,680	10,721	11,300	996	7	-15	-15	6	9	
Centrally Planned Countries	3,945	3,296	1,640	1,100	22	67	-16	-50	-31	-73	

\*Fiscal years begin October 1 and end September 30. Fiscal year 1985 began Oct. 1, 1984 and ended Sept. 30, 1985. f = forecast.

— Not available.

Note: Adjusted for transshipments through Canada.

Information contact: Steve MacDonald (202) 786-1621.

## Farm Income

Table 31.—Farm income statistics

	Calendar years											
	\$ billion											
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 F <sup>1</sup>	1987 F <sup>1</sup>	
<b>1. Farm receipts</b>												
Crops (incl. net CCC loans)	97.5	114.3	133.8	142.0	144.1	147.1	140.9	146.4	148.5	132	130	
Livestock	48.6	53.2	62.3	71.7	72.5	72.4	67.0	69.2	72.7	61	58	
Farm related 1/	47.6	59.2	69.2	68.0	69.2	70.2	69.5	72.9	69.4	71	72	
	1.2	1.9	2.2	2.3	2.5	4.5	4.4	4.3	6.4	5	5	
<b>2. Direct Government payments</b>												
Cash payments	1.8	3.0	1.4	1.3	1.9	3.5	9.3	8.4	7.7	13	15	
Value of PIK commodities	1.8	3.0	1.4	1.3	1.9	3.5	4.1	4.0	7.6	9	8	
<b>3. Total gross farm income (4+5+6)</b>												
4. Gross cash income (1+2) 2/	108.8	128.4	150.7	149.3	166.3	163.4	152.4	174.4	166.6	158	157	
5. Nonmoney income 3/	99.3	117.3	135.1	143.3	146.0	150.6	150.2	154.9	156.2	150	150	
6. Value of inventory change	8.4	9.3	10.6	12.3	13.8	14.1	13.2	13.3	11.5	10	9	
7. Cash expenses 4/	1.1	1.9	5.0	-6.3	6.5	-1.3	-10.9	6.3	-1.1	-3	-3	
8. Total expenses	71.4	84.2	101.7	109.1	113.2	113.8	113.0	115.6	112.1	106	103	
9. Net cash income (4-7)	27.8	33.1	33.4	34.2	32.8	36.8	37.1	39.3	44.0	44	48	
10. Net farm income (3-8)	19.9	25.2	27.4	16.1	26.9	22.7	13.0	32.7	30.5	28	32	
Deflated (1982\$)	29.5	34.9	34.9	18.8	28.6	22.7	12.5	30.3	27.3	25	27	
11. Off-farm income	26.1	29.7	33.8	34.7	35.8	36.4	37.0	37.9	40.8	43	44	
12. Loan changes 5/: Real estate	7.6	7.6	13.0	9.3	9.4	4.0	2.5	-0.8	-5.6	-5	-3	
13. 5/: Nonreal estate	6.8	8.3	10.9	5.9	6.2	3.4	1.0	-0.8	-9.2	-6	-3	
14. Rental income plus monetary change	3.5	4.1	6.3	6.1	6.4	6.4	5.7	7.8	8.0	7	7	
15. Capital expenditures 5/	15.0	17.9	19.9	18.0	16.8	13.7	13.0	12.5	10.1	8	7	
16. Net cash flow (9+12+13+14-15)	30.8	35.1	43.7	37.5	37.9	32.0	33.3	33.0	27.1	32	41	

F = midpoint of forecast range. 1/ Income from machine hire, custom work, sales of forest products, and other misc. cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food and imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, and household expenses. 5/ Excludes farm households. Totals may not add due to rounding.

Information contact: Gary Lucier (202) 786-1807.

Table 32.—Balance sheet of the U.S. farming sector

	Calendar years											
	\$ billion											
	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 F <sup>1</sup>	
<b>Assets</b>												
Real estate 1/	453.5	507.7	600.7	704.2	779.2	780.2	745.6	736.1	639.6	559.6	509	
Non-real estate	136.9	149.0	183.0	213.9	224.0	225.0	232.2	220.4	216.5	211.9	197	
Livestock & poultry	29.0	31.9	51.3	61.4	60.6	53.5	53.0	49.7	49.6	45.9	45	
Machinery & motor vehicles	63.9	69.9	78.2	90.8	96.8	103.0	103.7	100.9	95.0	92.2	89	
Crops stored	22.1	24.8	28.0	33.5	36.5	36.1	40.6	33.2	33.7	37.1	29	
Financial assets	21.9	22.4	25.5	28.2	30.1	32.4	34.9	36.5	38.1	36.7	35	
Total farm assets	590.4	656.7	783.7	918.1	1,003.2	1,005.2	977.8	956.5	856.1	771.4	707	
<b>Liabilities</b>												
Real estate	50.3	58.0	65.6	78.5	87.9	97.2	101.2	103.7	102.9	97.3	92	
Non-real estate	46.6	52.4	66.4	76.7	82.5	91.6	102.4	98.7	95.8	94.8	94	
CCC loans	1.0	4.5	5.7	5.1	5.0	8.0	15.4	10.8	8.7	16.9	22	
Other non-real estate	45.6	52.4	60.7	71.6	77.5	83.6	87.0	87.9	87.1	77.9	73	
Total farm liabilities	97.0	114.9	131.9	155.2	170.4	188.8	203.6	202.4	198.7	192.1	186	
Total farm equity	493.5	541.8	651.8	762.9	832.9	816.4	774.2	754.0	657.3	579.3	520	
<b>Selected ratios</b>												
Debt-to-assets	16.4	17.5	16.8	16.9	17.0	18.8	20.8	21.2	23.2	24.9	26.0	
Debt-to-equity	18.6	20.0	19.3	19.6	19.7	22.3	25.1	25.6	28.6	31.0	36.0	
Debt-to-net cash income	323.2	412.3	398.2	464.4	497.7	576.1	553.0	545.5	505.8	436.2	363.0	
<b>Percent</b>												

1/ Excludes farm household. F = midpoint of forecast range.

Information contact: Richard Kadi (202) 786-1808.

Table 33.—Cash receipts from farm marketings, by States

State	Livestock and Products				Crops 1/				Total 1/			
	1984	1985	Aug 1986	Sept 1986	1984	1985	Aug 1986	Sept 1986	1984	1985	Aug 1986	Sept 1986
	\$ Million 2/											
North Atlantic												
Maine	284	250	21	21	167	127	11	15	451	378	32	36
New Hampshire	77	71	6	5	33	36	3	5	110	107	8	11
Vermont	372	352	29	29	30	32	1	4	402	384	30	33
Massachusetts	131	124	10	9	258	265	22	23	389	389	32	33
Rhode Island	14	13	1	1	48	49	2	14	62	63	3	15
Connecticut	220	206	18	18	125	110	8	15	346	316	26	33
New York	1,921	1,845	148	149	745	719	98	113	2,666	2,564	246	263
New Jersey	135	144	12	11	404	447	60	41	538	591	71	53
Pennsylvania	2,242	2,184	180	167	848	966	86	92	3,090	3,150	266	259
North Central												
Ohio	1,626	1,511	131	136	1,989	2,430	96	142	3,614	3,940	227	277
Indiana	1,801	1,728	167	157	2,426	2,869	46	124	4,228	4,597	213	281
Illinois	2,173	2,063	180	166	4,482	5,704	169	258	6,655	7,768	349	424
Michigan	1,298	1,231	109	103	1,496	1,619	90	100	2,793	2,850	199	203
Wisconsin	4,075	4,100	350	341	878	1,012	74	104	4,953	5,111	424	445
Minnesota	3,360	3,370	283	285	2,728	3,102	112	172	6,088	6,472	395	457
Iowa	5,015	4,811	463	397	3,924	4,390	82	96	8,939	9,201	544	493
Missouri	2,166	1,930	151	155	1,530	1,738	46	123	3,696	3,668	196	278
North Dakota	693	686	40	55	1,839	2,060	103	190	2,532	2,746	143	244
South Dakota	1,804	1,903	119	138	1,021	1,076	107	79	2,826	2,979	226	217
Nebraska	4,524	4,113	349	337	2,510	3,093	76	65	7,035	7,206	426	401
Kansas	3,614	3,264	304	262	2,406	2,478	98	86	6,020	5,741	402	347
Southern												
Delaware	383	352	45	37	143	137	14	12	527	490	59	50
Maryland	810	770	78	68	369	378	17	29	1,179	1,148	94	97
Virginia	1,121	1,004	91	110	665	623	37	69	1,786	1,627	128	179
West Virginia	183	192	16	19	43	49	7	10	225	241	23	29
North Carolina	1,941	1,934	202	213	2,253	1,980	202	540	4,194	3,914	404	753
South Carolina	427	415	39	40	736	618	62	67	1,164	1,033	101	107
Georgia	1,848	1,727	191	158	1,772	1,600	112	316	3,620	3,327	303	474
Florida	1,091	1,015	96	86	3,642	3,726	136	145	4,733	4,741	231	230
Kentucky	1,415	1,352	74	131	1,288	1,519	17	43	2,703	2,871	92	174
Tennessee	1,054	1,000	89	85	1,051	1,057	27	50	2,105	2,057	116	135
Alabama	1,388	1,301	136	128	803	776	17	85	2,192	2,077	153	213
Mississippi	1,046	1,010	107	97	1,118	1,126	-53	9	2,164	2,136	54	106
Arkansas	1,885	1,825	216	186	1,400	1,455	-8	112	3,285	3,280	207	298
Louisiana	480	491	53	42	1,147	968	23	62	1,627	1,460	76	104
Oklahoma	1,776	1,726	188	197	879	938	52	23	2,655	2,664	240	220
Texas	5,901	5,441	508	509	3,569	3,857	309	236	9,470	9,298	817	746
Western												
Montana	717	802	35	45	649	405	41	82	1,366	1,207	76	127
Idaho	901	862	79	71	1,583	1,200	70	115	2,284	2,063	149	186
Wyoming	472	479	27	51	114	110	13	10	586	589	40	61
Colorado	2,205	2,019	188	181	1,141	1,145	83	76	3,345	3,164	271	257
New Mexico	657	718	46	49	334	369	31	20	991	1,086	77	69
Arizona	753	702	60	53	900	827	-6	-12	1,654	1,529	53	41
Utah	449	409	51	40	139	138	12	14	588	548	43	54
Nevada	172	144	14	12	79	78	5	5	251	222	19	17
Washington	1,031	932	78	76	2,100	1,865	159	201	3,132	2,797	237	277
Oregon	630	622	52	50	1,216	1,156	115	246	1,846	1,778	167	296
California	4,529	4,165	352	354	9,944	9,805	623	790	14,473	13,970	975	1,144
Alaska	7	8	1	1	18	18	2	2	25	26	3	2
Hawaii	87	83	7	7	463	458	41	40	550	540	48	47
United States	72,905	69,401	6,170	6,040	69,248	72,702	3,546	5,257	142,153	142,103	9,716	11,297

1/ Sales of farm products include receipts from commodities placed under CCC loans minus value of redemptions during the period. 2/ Estimates as of the end of current month. Rounded data may not add.

Information contact: Roger Strickland (202) 786-1804.

Table 34.—Cash receipts from farming

	Annual						1985		1986			
	1980	1981	1982	1983	1984	1985	Sept	May	June	July	Aug	Sept
	\$ Million											
Farm marketings and CCC loans 1/	139,736	141,616	142,624	136,460	142,153	142,103	11,707	8,883	8,803	9,446	9,716	11,297
Livestock and products	67,991	69,151	70,249	69,453	72,905	69,401	5,500	5,853	5,567	6,039	6,170	6,040
Meat animals	41,233	39,748	40,917	38,893	40,832	38,185	2,939	3,209	2,986	2,993	3,309	3,316
Dairy products	16,365	18,095	18,234	18,757	17,944	16,135	1,432	1,597	1,509	1,494	1,487	1,446
Poultry and eggs	9,160	9,949	9,538	10,003	12,219	11,196	952	923	938	1,208	1,246	1,109
Other	1,233	1,358	1,360	1,800	1,910	1,889	177	124	134	344	128	169
Crops	71,746	72,465	72,375	67,007	69,248	72,702	6,207	3,031	3,236	3,406	3,546	5,257
Food grains	10,402	11,619	11,469	9,733	9,578	8,846	1,074	109	407	621	595	703
Feed crops	18,308	17,770	17,404	15,367	15,728	21,397	1,382	684	626	581	589	697
Cotton (lint and seed)	4,447	4,055	4,454	3,711	3,270	3,800	112	-28	-26	-63	-92	-129
Tobacco	2,672	3,250	3,342	2,768	2,841	2,722	544	0	0	6	298	586
Oil-bearing crops	15,493	13,853	13,812	13,550	13,861	12,237	802	92	453	440	379	986
Vegetables and melons	7,307	8,772	8,113	8,512	9,237	8,582	896	1,102	821	627	842	923
Fruits and tree nuts	6,557	6,603	6,821	6,062	6,787	6,812	680	375	518	746	500	705
Other	6,560	6,543	6,960	7,326	7,946	8,306	717	699	439	449	436	788
Government payments	1,286	1,932	3,492	9,295	8,430	7,704	294	1,701	1,188	-99	179	440
Total	141,022	143,548	146,116	145,755	150,583	149,807	12,001	10,584	9,991	9,347	9,895	11,737

1/ Receipts from loans represent value of commodities placed under CCC loans minus value of redemptions during the month.

Information contact: Roger Strickland (202) 786-1804.

Table 35.—Farm production expenses, 1982-85

	Calendar years									
	1976	1977	1978	1979	1980	1981	1982	1983	1984 r	1985 p
	\$ million 2/									
Feed	14,370	13,967	16,036	19,314	20,971	20,855	18,592	21,725	19,850	19,588
Livestock	5,884	7,072	10,150	13,012	10,670	8,999	9,696	8,814	9,498	8,991
Seed	2,366	2,484	2,638	2,904	3,220	3,428	3,172	2,987	3,447	3,369
Farm-origin inputs	22,620	23,523	28,824	35,230	34,861	33,282	31,460	33,526	32,795	31,948
Fertilizer	6,468	6,529	6,619	7,369	9,490	9,409	8,018	7,067	7,429	7,258
Fuels and oils	3,966	4,356	4,609	5,635	7,879	8,570	7,888	7,503	7,143	6,584
Electricity	858	1,069	1,389	1,447	1,526	1,747	2,041	2,146	2,166	2,073
Pesticides	2,108	1,938	2,656	3,436	3,539	4,201	4,282	4,161	4,768	4,965
Manufactured Inputs	13,400	13,892	15,273	17,887	22,434	23,927	22,229	20,877	21,506	20,880
Short-term interest	3,574	4,203	5,167	6,868	8,717	10,722	11,349	10,615	10,396	8,821
Real estate interest	3,785	4,329	5,060	6,190	7,544	9,142	10,481	10,815	10,733	9,878
Total interest charges	7,359	8,532	10,227	13,058	16,261	19,864	21,830	21,430	21,129	18,699
Repair and operation	4,879	5,430	6,638	7,280	7,648	7,587	7,730	7,543	7,850	7,450
Hired labor	6,743	7,131	8,279	8,982	9,294	8,932	10,182	9,660	9,838	10,347
Machine hire and custom work	1,546	1,682	1,776	2,063	1,823	1,984	2,025	1,896	2,170	2,185
Dairy deduction	0	0	0	0	0	0	0	633	656	168
Other operating expenses	5,460	6,129	7,703	9,047	9,378	9,865	10,700	10,646	10,860	11,517
Total operating expenses	18,628	20,372	24,396	27,732	28,143	28,368	30,637	30,378	31,374	31,667
Depreciation	13,778	15,493	16,963	19,345	21,474	23,573	23,886	23,491	23,020	21,101
Taxes	3,491	3,660	3,603	3,871	3,891	4,246	4,394	4,323	4,384	4,423
Net rent to non-operator										
Landlord	3,465	3,412	3,963	6,182	6,075	6,184	6,219	5,441	7,504	7,387
Other overhead expenses	20,734	22,565	24,529	29,398	31,440	36,003	34,499	33,255	34,908	32,911
Total production expenses	82,741	88,884	103,249	123,305	133,139	139,444	140,654	139,466	141,712	136,105

1/ Includes operator household. 2/ Totals may not add due to rounding. r = revised. p = preliminary.

Information contact: Richard Kold (202) 786-1808.

## Transportation

Table 36.—Rail rates; grain and fruit-vegetable shipments; truck costs

	Annual			1985	1986					
	1983	1984	1985	Oct	May	June	July	Aug	Sept	Oct
<b>Rail freight rate index 1/</b>										
1/ Dec 1984 = 100										
All products	95.0	99.3	100.0	99.9	100.8	100.9	101.1 p	101.0 p	100.8 p	100.6 p
Farm products	94.0	98.7	99.0	98.9	99.8	100.3	100.2 p	99.6 p	99.6 p	99.1 p
Grain	94.0	98.6	98.3	98.4	99.2	99.2	99.1 p	99.1 p	99.2 p	98.4 p
Food products	94.8	99.1	100.1	99.6	99.6	99.6	100.9 p	100.9 p	99.6 p	99.6 p
Grain										
Rail carloadings (thou. cars) 2/	26.1	27.2	22.6	22.1	17.6 p	24.8 p	24.4 p	24.2 p	27.0 p	30.0 p
<b>Fresh fruit &amp; vegetable shipments</b>										
Piggy back (thou. cwt.) 3/ 4/	545	570	602	480	920	927	727	514	511	524
Rail (thou. cwt.) 3/ 4/	786	640	520	411	690	678	335	183	471	554
Truck (thou. cwt.) 3/ 4/	7,923	8,006	8,342	7,804	11,219	10,328	8,945	7,848	6,096	8,162
<b>Cost of operating trucks hauling produce 5/</b>										
Owner operator (cts./mile)	114.2	115.5	116.1	117.1	113.0	112.3	111.8	111.8	111.8	111.8
Fleet operation (cts./mile)	112.7	115.3	116.7	118.3	113.4	112.6	112.1	112.1	112.2	112.4

1/ Department of Labor, Bureau of Labor Statistics, revised March 1985. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1985 and 1986. 5/ Office of Transportation, USDA. p = preliminary.

Information contact: T.Q. Hutchinson (202) 786-1840.

## Indicators of Farm Productivity

Table 37.—Indexes of farm production, input use, and productivity.

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 2/
1977=100										
<b>Farm output</b>										
All livestock products 3/	100	104	111	104	118	116	96	112	119	113
Meat animals	100	101	104	108	109	107	109	107	110	111
Dairy products	100	99	101	105	108	110	114	110	117	118
Poultry & eggs	100	106	114	115	119	119	120	123	128	133
All crops 4/	100	102	113	101	117	117	88	111	116	108
Feed grains	100	108	116	97	121	122	67	116	133	122
Hay & forage	100	106	108	98	106	109	100	107	106	111
Food grains	100	93	108	121	144	138	117	129	121	106
Sugar crops	100	101	94	97	107	96	93	95	97	105
Cotton	100	76	102	79	109	85	55	91	93	69
Tobacco	100	106	80	93	108	104	75	90	79	62
Oil crops	100	105	129	99	114	121	91	106	117	110
Cropland used for crops	100	97	100	101	102	101	88	99	98	94
Crop production per acre	100	105	113	100	115	116	100	112	118	115
<b>Farm input 5/</b>										
Farm real estate	100	102	105	103	102	100	97	98	94	n.a.
Mechanical power & machinery	100	100	103	103	103	101	99	97	97	n.a.
Agricultural chemicals	100	104	104	101	98	94	90	88	83	n.a.
Feed, seed & livestock purchases	100	107	123	123	129	118	105	121	123	n.a.
Farm output per unit of input	100	101	105	101	116	116	98	115	127	n.a.
<b>Output per hour of labor 6/</b>										
Farm	100	97	106	109	132	140	106	123	135	n.a.
Nonfarm	100	101	99	99	100	99	103	104	104	n.a.

1/ For historical data and indexes, see Changes in Farm Production and Efficiency USDA Statistical Bulletin 657.

2/ Preliminary indexes for 1986 based on November 1986 Crop Production report and other releases of the Agricultural Statistics Board, NASS. 3/ Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. 4/ Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output. 5/ Includes other items not included in the separate groups shown. 6/ Bureau of Labor Statistics. n.a. = not available.

Information contact: Charles Cobb (202) 786-1803.

Table 38.—Supply and use of fertilizer

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(See the June 1986 issue, page 23.)

Information contact: Paul Andrilenas (202) 786-1456.

Table 39.—Supply and use of major pesticides

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(See the Oct. 1986 issue, page 25.)

Information contact: Stan Daberkow (202) 786-1458.

## Food Supply and Use

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Table 40.—Per capita food consumption indexes (1967 = 100)

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(See the Dec. 1986 issue, page 55.)

Information contact: Karen Bunch (202) 786-1870.

Table 41.—Per capita consumption of major food commodities (retail weight)

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(See the Dec. 1986 issue, page 56.)

Information contact: Karen Bunch (202) 786-1870.

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NOTE: Each issue of *Agricultural Outlook* contains highlights of the situation and outlook for the following commodities--

• *Livestock*: cattle, hogs, broilers, eggs, turkeys, dairy

• *Crops*: wheat, rice, feed grains, oilseeds, cotton, peanuts, tobacco, sugar, vegetables, fruit

These commodity summaries are included in the "Agricultural Economy" section.

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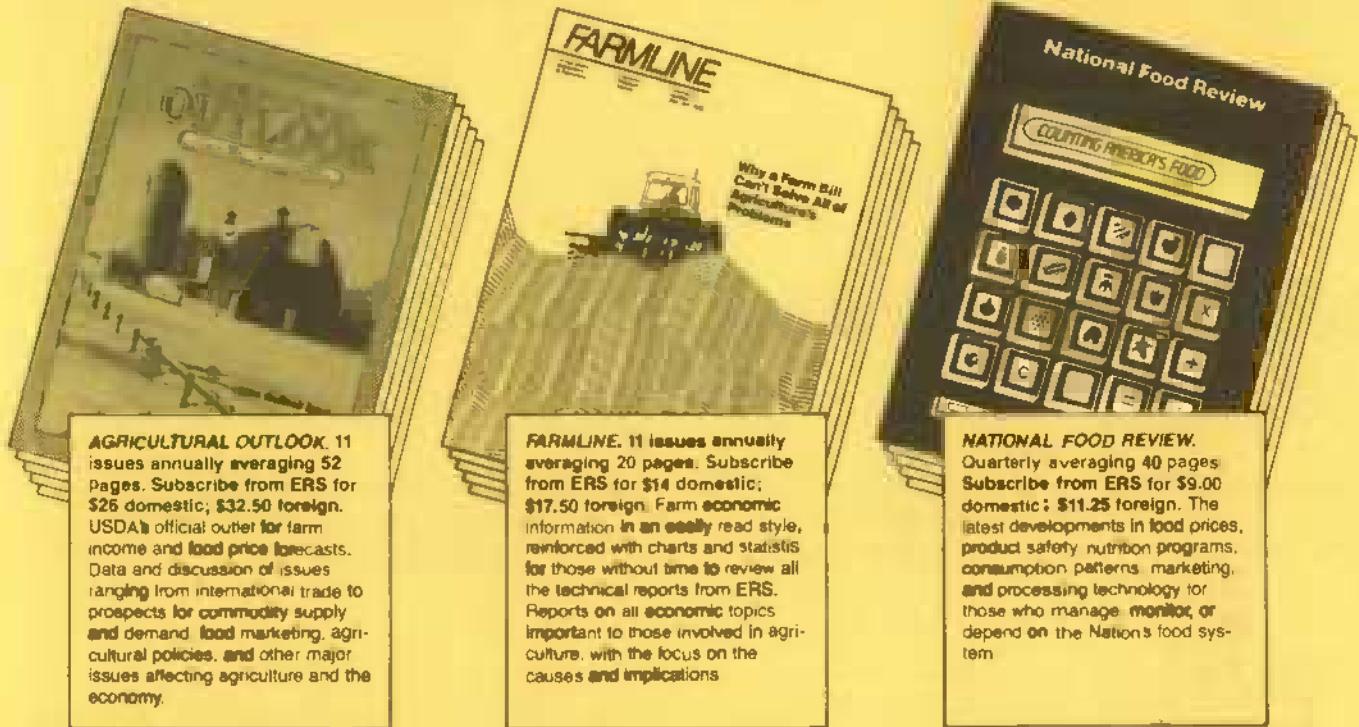
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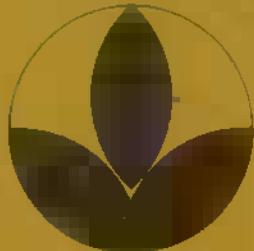
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